



How Britain learned to cook, p64

# Prospect

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## How to fix the housing crisis

ANDREW ADONIS

Is the City worth it?

ANDREW HALDANE, JOHN KAY

Iran—open for business? Not yet

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## Foreword

# A roof of one's own



Britain's housing crisis is a good case of what happens when democracy stumbles. People want affordable homes—but don't want lots of building where they live. The green fields of England—and even more, the Green Belts round cities—are seen as sacrosanct. Faced with the unpopularity of building in the parts of the country where people most want to live and work, governments have ducked, one after the other, building some new homes, but never enough. As Brandon Lewis, housing minister, argues (p32), the changing demography of Britain is a big part of the problem—not just more people, but older ones, and more living alone. Immigration is a factor (see Peter Kellner, p16) but only a small one.

Yet as Andrew Adonis argues (p26), this is a problem that can be solved only by government. Councils are in charge of big areas of underused land—waste land, brownfield areas, or even lockup garages attached to flats, built back in the days when even the southeast of the country seemed spacious. Only government can set the balance between national needs and local planning freedom—or build the railways and roads to let people easily live in one place and work in another. It matters, for the prosperity and mobility of the whole country, and for a sense of fairness between generations which house prices, even more than pensions, have done much to strain (see Letters p14). In the coming months, *Prospect* will be probing into the huge range of answers to this problem, and into what the government and the prospective candidates for mayors of cities plan to do.

We've continued our Blueprint for Britain series, on how the UK should best run itself in the 21st century, with Chris Hanretty's provocative piece (p46) on why the House of Commons need have no more than 400 MPs (not 650 as now, or even 600 as David Cameron proposes). Andrew Marr, reviewing Simon Schama's *The Face of Britain* (p70), is however indulgent both to the historian and to Britain, past and present, finding resilience and charm amid the stories of its leaders. Wendell Stevenson (p64) reminds us how quickly Britain can change, when it wants—when offered first Pot Noodles and then nouvelle cuisine as an alternative to roast and brown gravy. Jessica Abrahams (p22) notes the dramatic social change implied too by the plummeting figures on teen pregnancy.

Britain is not alone, of course, in trying to wrestle itself into a suitably modern form. Josef Joffe (p52) looks at Germany's antipathy to exerting power—provided that things are going its way. Iran is a case where international sanctions appear to have worked (p40) but Christopher de Bellaigue is sceptical that it will open up to the world as quickly as diplomats have predicted. The remarkable fact about Pakistan, Anatol Lieven argues (p56), is that it is still there—it remains more stable than many think, but China is its best future hope. And Clive James (p60) makes the case for rereading favourite books, and finds in Joseph Conrad a prescient sense of conflicts that remain all too current.

*Bronwen Maddox*



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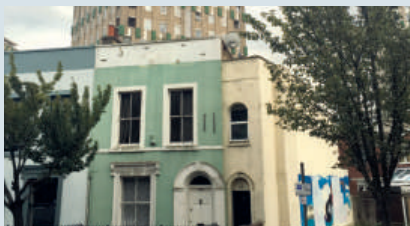
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# If I ruled the world

Joyce Carol Oates

## We would worship chickens. Not God

In my kingdom firearms would be rigged so as to fire backward. Even as the avid gun-wielder pulls the trigger he is doing his small part in eradicating a global problem. So too if one is operating a drone—the drone-target would include whoever is giving the orders as well as the operator. Sport and trophy hunting to be allowed but hunters would hunt their prey on the ground, in the animals' natural habitat, without manufactured firearms or weapons and using just hands, feet, and wits.

Hens, badly mistreated in our world, would be treated with enormous respect and reverence of the kind accorded "sacred cows" in India; the widely varying breeds of hens (and their eggs) would be championed as sports teams are now, with devout fans attired in appropriate clothing.

Where now there is the academic convention of a "gap year" for undergraduates, there will be a "trans-species year" for individuals of all ages during which time they would take up residence in species other than their own. Some, inhabiting animals bred for slaughter, might not return to their previous lives but would ride the jolting truck to slaughter and would not be able to escape the terrible blades that cut into their flesh, nor being hung upside-down and "bled." However, the experience cannot fail to be educational!

Similarly, those who believe that they hate individuals with skin that differs in hue from their own will be required to take up residence inside those skins for at least three months.

Nobel prize of endurance; butterflies, dances undisturbed and honoured.

In addition be awarded inestimably homemaker of devotion have invented who are unkind and who mock them.

Oppenheimer Education after Robert Kennedy for his young physicist bludgeoned by McCarthy a pioneer in the history of American television. Oppenheimer would be great as the girls who pre-

and humanism in public education and stand up fearlessly to the forces of censorship and intimidation.

As images projected on a screen fade when bright lights are switched on so "God" or "gods" would fade in the light of this global focus on rational, scientific education. Formerly "holy" texts would be reclassified as fantasy fiction and reshelved in libraries. Elegies and laments celebrating the lost deity or deities would be tolerated. For those so psychologically dependent upon the notional "God" that they are permanently unhinged by the loss it will be an acceptable substitute to worship cats, dogs, horses, cows, exotic creatures, constellations, scenic mountain peaks, oddly eroded rock formations and the like.

Identification with the natural world—the "environment"—would be inculcated in all, beginning in infancy. Any leftover nostalgia for God might be evoked here as the environment could be posited as a "sacred, living thing" albeit without a personality or infantile wrathful nature.

A sense of humour would be cultivated in all, especially the opinionated and self-righteous. Individuals would be required to observe themselves in three-way mirrors when pronouncing their most inane and inaccurate convictions. Their remarks will be played back to them; in the most extreme cases the individual will be trussed up like the psychopath Alex in *A Clockwork Orange*, eyes taped open, made to witness his or her own ranting.

Censorship in the US presidential election would be limited

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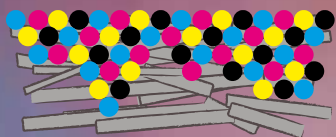


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# Prospect recommends

## Things to do this month

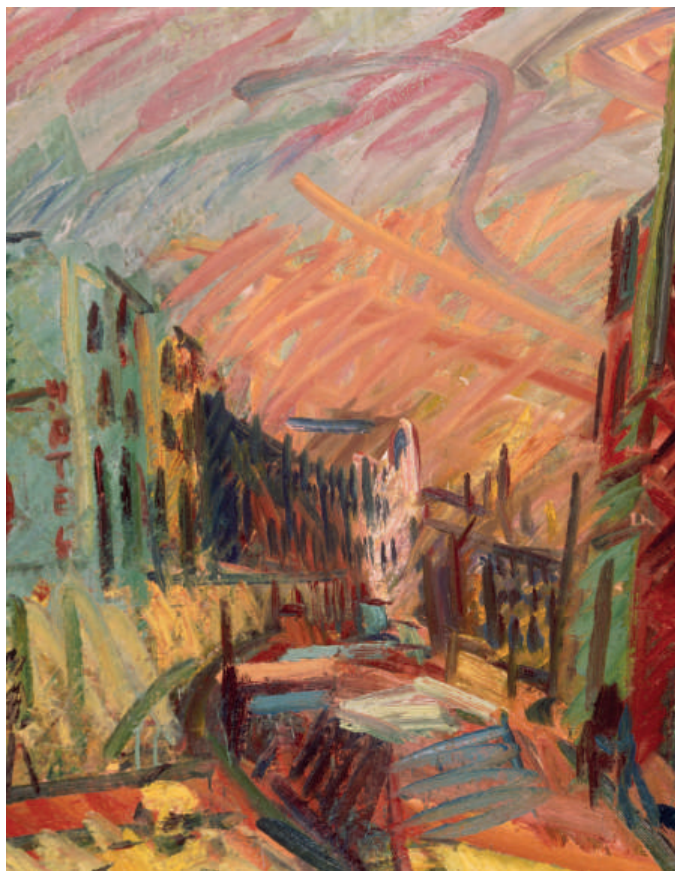
### Art

#### Frank Auerbach

*Tate Britain, 9th October to 13th March*

Frank Auerbach was born in Berlin in 1931, the son of a Jewish lawyer. He was sent to England in 1939 by his parents, who later died in the Holocaust. Since the early 1950s, he has painted every day of the year, mostly the same handful of friends and London landscapes, building up canvases slowly with thick ribbons of paint and expressive swerves of brush. Through his compulsive attention, he seeks to capture what he calls “the evanescence of experience.”

This major exhibition honours Auerbach with around 70 paintings and drawings from the 1950s to the present day, many from private collections. It includes early masterpieces such as *Head of Leon Kossoff* (1954) or *Building Site, Earl's Court, Winter* (1953) through to recent portraits and paintings of Mornington Crescent, such as *The House II* (2011). The show is curated by art historian Catherine Lampert, who has sat for Auerbach once a week in his studio for 37 years.



*Mornington Crescent—Early Morning* by Frank Auerbach, 1992-3

#### Giacometti: Pure Presence

*National Portrait Gallery, 15th October to 10th January*

This is the first exhibition devoted solely to Alberto Giacometti's portraits. A leading modernist and surrealist sculptor working alongside Pablo Picasso, Joan Miró and Max Ernst in Paris in the 1920s, Giacometti is known best for his elongated standing figures. Alongside these haunting representations of everyman, Giacometti sustained an intense commitment to drawing, painting and sculpting his wife Annette and his brother Diego, as well as friends such as the writers Louis Aragon and Jean Genet, and the philanthropist Lord Sainsbury.

#### Risk

*Turner Contemporary, 10th October to 17th January*

All artists are to some extent risk takers. This exhibition focuses on a handful of major international artists from the last 200 years—including

Marina Abramović, Marcel Duchamp, Yves Klein, JMW Turner, Yoko Ono, and Ai Weiwei—who have positively embraced it. Some submit their work to chance procedures or uncontrollable external forces, others have exposed themselves to political risk or physical danger, while Yoko Ono, in *Cut Piece* (1964), puts herself at risk from the audience, inviting them to cut her clothing from her.

*Emma Crichton-Miller*

### Theatre

#### Husbands & Sons

*National Theatre, 19th October to 19th January*

DH Lawrence, the playwright rather than novelist, is still comparatively unknown despite occasional revivals. The National's deputy artistic director, Ben Power, has made one long show of the trilogy performed in 1968 at the Royal Court Theatre—*A Collier's Friday Night, The Daughter-in-Law* and *The Widowing of Mrs*

*Holroyd*—and arranged a simultaneous performance of all three, directed by Marianne Elliott, in the intimate Dorfman auditorium.

The subject matter is the daily life—work, love, bread-baking and corpse-cleaning—in a mining community on the border of Derbyshire and Nottingham. These are the first authentic working-class plays on the English stage since the medieval Mysteries—Lawrence stood apart from what he called the mechanical school of new socialist writers (George Bernard Shaw, John Galsworthy) engineering their plots and arguments. They require absolute naturalism in the acting.

That should be supplied in abundance in a cast led by Anne-Marie Duff as Mrs Holroyd, as well as Susan Brown, Louise Brealey, Joe Armstrong and Lloyd Hutchinson. The audience will be seated on all four sides of the “in-the-round action,” with those in the pit section beneath the galleries swapping places half-way through.

#### Young Chekhov: The Birth of a Genius

*Chichester Festival Theatre, 28th September to 14th November*

Three early plays of Anton Chekhov—*Platonov*, *Ivanov* and *The Seagull*—form an enticing season at Chichester under the direction of Jonathan Kent, with day tickets to watch all three available. David Hare's versions of the first two, previously seen at the Almeida in 1997 and 2001, are perfectly attuned to the Russian playwright's blend of anger, romanticism and thwarted good intentions. It will be instructive to see *The Seagull*, a play about writers and the theatre, in the light of this abrasive prologue rather than the afterglow of the subsequent masterpieces. A 23-strong ensemble is led by Anna Chancellor, James McArdle and Samuel West.

#### The Magna Carta Plays

*Salisbury Playhouse, 22nd October to 7th November*

The 800th anniversary of Magna Carta has been celebrated all year at Salisbury Playhouse: Edward Fox read extracts from the document in June, and youth theatre members occupied the cathedral with a new play. Now the Playhouse stages four short new Magna Carta plays on one programme. They are a comedy mystery by Howard Brenton, *Ransomed*, Timberlake Wertenbaker's *We Sell Right*, *King-makers* by Anders Lustgarten and *Pink Gin* by Sally Woodcock.

*Michael Coveney*

### Classical music

#### Natalie Dessay in Recital

*Barbican Centre, 2nd October*

She was the freshest and most disarmingly lovely of lyric sopranos, a star of the opera stage who hated the solitude and exposure of the concert hall recital. Then, in 2013, still apparently at her vocal peak, Natalie Dessay sensationally retired from opera, telling *Le Figaro*: “Ce n'est pas moi qui arrête l'opéra, c'est l'opéra qui m'arrête” (I didn't quit opera; opera quit me). This stage ▶

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A scene from *Macbeth*, directed by Justin Kurzel

animal has now reinvented herself as a recitalist, and this month makes a rare visit to London for a solo performance at the Barbican.

Can the voice that would once have been spinning endless lines from George Handel's arias or discovering disturbing sensuality in Giuseppe Verdi's *Violetta* now find that same drama in songs and melodies by Henri Duparc, Georges Bizet, Felix Mendelssohn, Franz Schubert and Franz Liszt? I'd bet good money that the answer will be yes.

#### Mahan Esfahani

*St George's Bristol, 30th October*

This brilliant young harpsichordist has just been signed by heavy-hitters Deutsche Grammophon, and when you look at the intelligence (not to mention the technical challenges) of this concert programme you can see why. Esfahani will trace Johann Bach's influence through history, finding his musical "doubles" in composers as disparate as Steve Reich and Mel Powell. This is the harpsichord, but not as you'll have heard it before.

#### King's Cambridge: Arvo Pärt St John Passion

*King's Place, 23rd October*

Part of King's Place's year-long Minimalism Unwrapped festival, this concert celebrates the hypnotic music of Estonian composer Arvo Pärt. Celebrating his 80th birthday this year, the composer's signature brand of mystical music is minimalism at its most maximal—rich with emotion and faith. The Choir of King's College Cambridge here perform the composer's *St John Passion*—a contemporary classic of exquisite beauty that is as much meditation as it is music.

Alexandra Coghlan

## Film

### Macbeth

*Released 2nd October*

The *Macbeths* can play many ways—weak husband to ambitious hard-ridan, buccaneer who abandons psychotic consort in isolated hell—but director Justin Kurzel has chosen with this latest screen treatment to find the couple traumatised from the outset. Michael Fassbender and Marion Cotillard play the *Macbeths* as hollowed out by grief, enduring in a wild Scottish landscape.

Kurzel is Australian; his previous feature, the terrifying *Snowtown*, was based on real events in south Australia in the 1990s where one evil individual contaminated a community, rendering violence routine. Here the poison spreads from the huddled huts of Inverness to the stone splendour of Dunsinane, with Fassbender increasingly manic. Cotillard's nervy intensity is more contained, although the fact that she's speaking not just a foreign language but Shakespearean verse makes the performance seem a touch careful. Around them, lords and henchmen gather in various degrees of Scottishness and naturalism, including a soulful Paddy Considine as Banquo, whilst David Thewlis makes Duncan more complex than simply a noble victim.

### The Lobster

*Released 16th October*

Yorgos Lanthimos's reputation was made with *Dogtooth* (2009) a Buñuel-ish satire about a family who keep their teenagers sequestered in a luxury villa, with absurd rules and language. His first English-language film challenges

romantic conventions. At a seaside spa, anxious single people—including Colin Farrell—must find a partner in 45 days or be transformed into beasts. Exquisitely awkward moments punctuated by savagery. With Rachel Weisz, John C Reilly and Olivia Colman.

### The Program

*Released 16th October*

It would be hard to replicate the extraordinary power (and deception) of Lance Armstrong's public performance. In Stephen Frears's feature film, Ben Foster nails the intensity, the cycling sequences are convincing and the complex narrative clear. One to watch in tandem, maybe, with Alex Gibney's documentary *The Armstrong Lie*.

Francine Stock

## Opera

### Lady Macbeth of Mtsensk

*English National Opera, 26th*

*September to 20th October*

"The ability of good music to enthrall the masses has been sacrificed on the altar of petit-bourgeois formalism." Thus wrote the anonymous author in *Pravda* two days after Josef Stalin saw Dmitri Shostakovich's opera *Lady Macbeth of Mtsensk* in January 1936.

From then on Shostakovich had to toe the cultural party line and never completed another opera; the original piece did not resurface until after his death in 1975. He produced a revised edition in 1962 which he claimed in public was the definitive version of the work to the end of his life. In private, however, he asked conductor Mstislav Rostropovich to record the 1932 score if he ever managed to leave the Soviet Union. Rostropovich did so in 1979, after which most opera houses in the west reverted to it.

The seamy tale of provincial housewife Katerina, who drifts into an affair with Sergei, one of her husband's workers, is one part *Madame Bovary*, one part *Lady Macbeth* and one part *The Postman Always Rings Twice*. As her adultery is discovered, Katerina commits a series of grisly murders, ending with suicide.

Led by soprano Patricia Racette, one of today's greatest singing actresses, alongside British tenors John Daszak as her lover, Sergei, and Peter Hoare as the cuckolded Zinovy, this *Lady Macbeth of Mtsensk* will prove the most fatale of all opera femmes.

### The Barber of Seville

*English National Opera, 28th September to 11th November*

Comic operas are one thing; operas that make you laugh out loud are relatively rare. Gioachino Rossini's *Barber of Seville*—the prequel to Wolfgang Amadeus Mozart's *Marriage of Figaro*—is firmly in the latter camp. The farcical antics and sexual high jinks of the characters are allied to some of the brightest and most memorable tunes in all opera. Few have managed to improve on Jonathan Miller's 1988 production and this revival, conducted by Christopher Allen with Kathryn Rudge as the much-desired Rosina, is well merited.

### Orlando

*Welsh National Opera on tour, 27th September to 18th November*

Handel's probing psychological opera *Orlando* about a man's descent into madness and his journey back to sanity is redemptive, humane and musically thrilling. Harry Fehr's production originated with Scottish Opera in 2011 and sets the opera during the Second World War, contrasting the glamour of the late 1930s with the devastation of the Blitz. The cast is headed by Welsh soprano Rebecca Evans as Angelica, with counter-tenors Robin Blaze as Medoro and Lawrence Zazzo in the title role.

Neil Norman

## Science

### Family Fun Day

*Royal Institution, 24th October*

The beginning of the half-term holiday is the perfect occasion to find out why it rains so much in Wales. This hands-on family event, called "Our Amazing Planet," even offers budding meteorologists the chance to make their own cloud.

### Cosmonauts: Birth of the Space Age

*Science Museum, 18th September to 13th March*

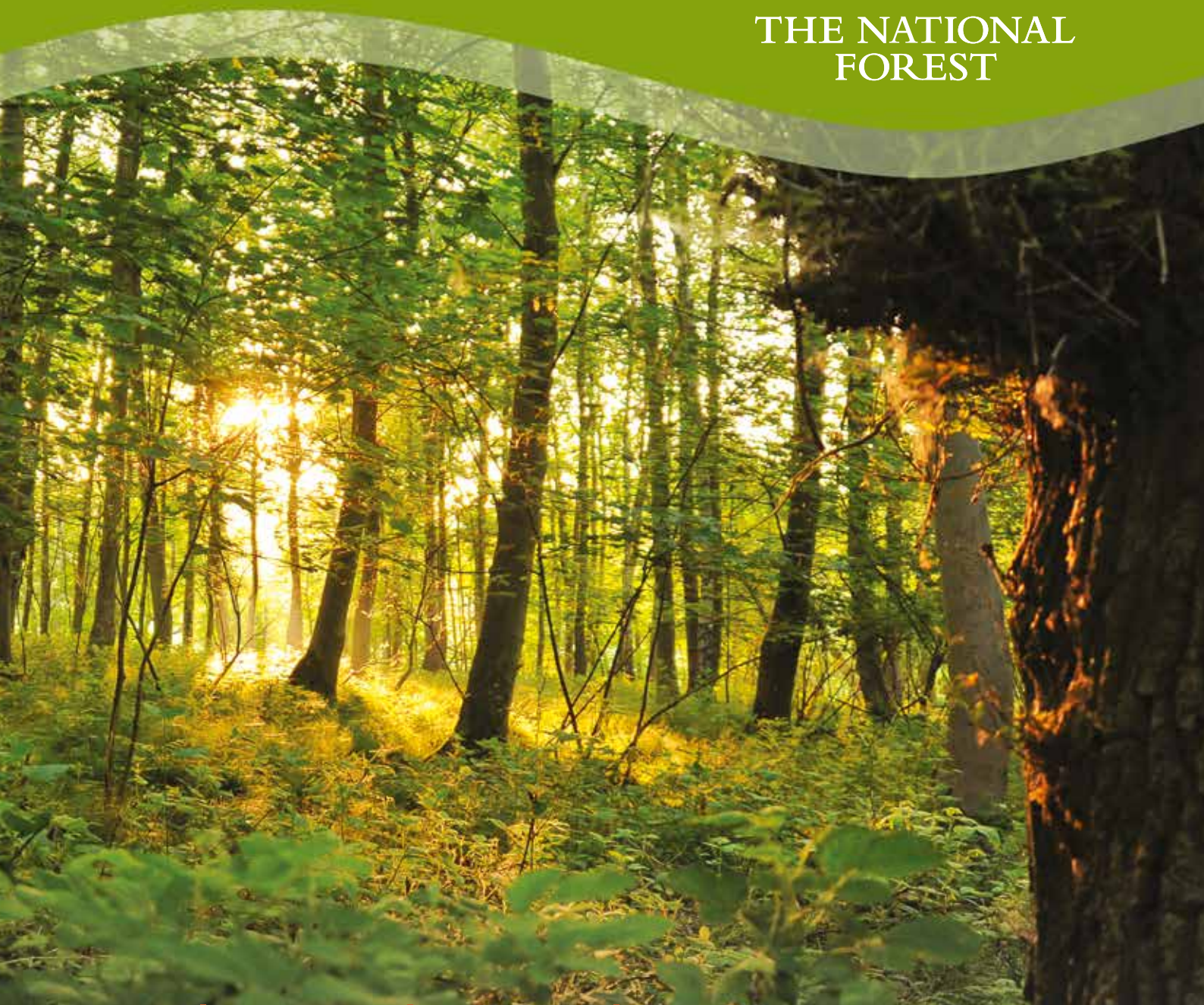
Nasa dominates the public consciousness as the chief architect of space exploration but the Soviets got there first, with the 1957 launch of the Sputnik satellite and the 1961 flight of Yuri Gagarin. Marvel at the original spacecraft and artefacts that allowed humankind to escape terra firma. **P**

Anjana Ahuja





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# Prospect events

## Prospect at the political party conferences 2015

Prospect will host a series of public fringe talks and debates at the Labour and Conservative conferences.

### Giving people power over their personal data

Prospect will host this debate at the Labour Party conference in Brighton on **Tuesday 29th September** and at the Conservative Party conference in Manchester on **Monday 5th October**. Speakers will include Jon Bernstein, journalist, David Evans, Director of Policy & Community at BCS, the chartered institute of IT and Liz Coll, Policy Manager at the Citizens Advice Bureau. At the Labour conference, MPs Chi Onwurah, Keith Vaz and Prospect's Serena Kutchinsky will also speak. These debates are supported by BCS.

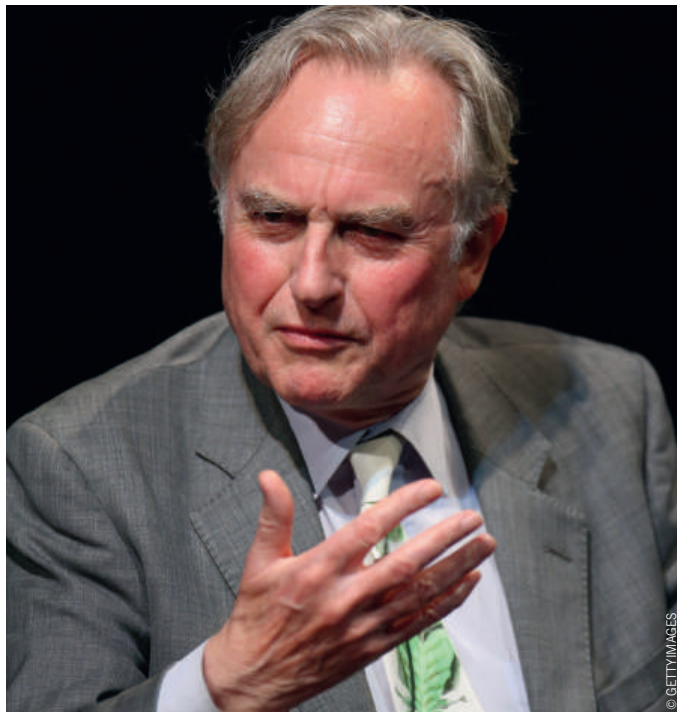
### Tuesday 6th October How can government ensure that people have access to pensions advice?

Held at the Conservative Party conference, speakers include Andy Davis, Prospect's investment columnist; Harriet Baldwin MP; Jeremy Quin, MP; and Carlton Hood, Customer Director at Old Mutual Wealth. This debate is supported by Old Mutual Wealth. Please note that a conference pass will be required to attend this event.

For more information about attending our conference events, email [events@prospectmagazine.co.uk](mailto:events@prospectmagazine.co.uk). Should you be interested in partnering with us on our fringe programme, contact [david.tl@prospectmagazine.co.uk](mailto:david.tl@prospectmagazine.co.uk)

## Discussions and debates

Prospect's first issue was published in October 1995. Our discussions and debates this autumn will examine themes



Richard Dawkins will be discussing the relationship between science and the humanities with AC Grayling

that the magazine has explored consistently over the past 20 years.

### Thursday 22nd September Grayling vs Dawkins

Are we "witnessing a constructive merger between scientific and literary cultures," as Richard Dawkins argues in his new book *Brief Candle in the Dark: My Life in Science*? Or, as AC Grayling asks in his recent book *The Challenge of Things*, does science undermine the quest of the arts and humanities?

Do science and the humanities represent different or complementary approaches to the attempt to make sense of ourselves and our world?

Richard Dawkins will sign copies of his book in the Penny bar after the event.

6pm, The Old Vic, London. For further details, go to [www.oldvictheatre.com](http://www.oldvictheatre.com)

### Thursday 1st October John Browne: how companies succeed by engaging with society

Following the publication of John Browne's latest book, *Connect: How companies succeed by engaging radically with society*, Prospect will hosting a breakfast roundtable with the author. This will explore the relationship between business and society and ask why it is important for companies to make social responsibility central to their strategy. This discussion is supported by the Institute of Corporate Responsibility and Sustainability.

London venue, 8.45am. Places strictly limited. To register your interest, email [events@prospectmagazine.co.uk](mailto:events@prospectmagazine.co.uk)

### Wednesday 28th October Conflict and its effects on the market: how can the City be more resilient?

In collaboration with the Lord Mayor's Office, Prospect is hosting a panel discussion on how fi-

nancial institutions can better plan for existing and emerging threats. The discussion will be chaired by Bronwen Maddox, Editor of Prospect. Speakers include the Lord Mayor of London, Jonathan Evans, former head of MI5 and Mark Boleat, Chairman of the Policy and Resources Committee, City of London. Other speakers to be confirmed.

6pm, Guildhall Print Room, Gresham Street, London. Admission is free but registration is essential. Visit [www.prospectmagazine.co.uk/events](http://www.prospectmagazine.co.uk/events) to register your interest. Places cannot be guaranteed.

### Tuesday 10th November Robert Shiller: The economics of deception

Presenting his new book, *Phishing for Phools*, co-written with George A Akerlof, the Nobel Prize-winning economist Robert J Shiller will explain why markets harm as well as help us. Rather than always working for the greater good, Shiller argues, markets are filled with tricks and traps.

6.30pm, Prospect offices, 2 Queen Anne's Gate, London. £12/£10 (subscribers). To buy tickets go to [www.prospectmagazine.co.uk/events](http://www.prospectmagazine.co.uk/events)

### Wednesday 25th November The language wars: Simon Heffer vs Oliver Kamm

Is there such a thing as correct English? Does it matter if we split infinitives or fuse participles? In a live performance of the Prospect "Duel," the journalists and authors Simon Heffer and Oliver Kamm argue the pros and cons.

6.30pm, Prospect offices, 2 Queen Anne's Gate, London. £12/£10 (subscribers). To buy tickets go to [www.prospect-magazine.co.uk/events](http://www.prospect-magazine.co.uk/events)

For more information on all our events, and to book tickets, go to [www.prospectmagazine.co.uk/events](http://www.prospectmagazine.co.uk/events)



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# Letters

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## All change please

In an occasionally perceptive piece about trade unions ("Bargaining power," September), Philip Collins repeats the common mistake of excluding the role of employers in shaping our recent history. While reflecting upon the causes behind the decline of trade unionism over the last 30 or so years, he fails to mention the hostility of employers to organised labour. Whether it's in the retail, hospitality, or care sectors, or in the digital economy, employers increasingly require little more from their workers than to be compliant and available. The last thing they want is a union championing workers' rights and challenging their right to treat people as they see fit. All too often they make strenuous efforts to prevent it. I agree that trade unions need to reach out to new generations in the burgeoning private services sector. However, while unions have made their fair share of mistakes, to assume that we alone need to change is at best only half the story.

**Leslie Manasseh, TUC President**

## Land of inequality

David Willetts is right to welcome the attention drawn to the inequality of wealth and equally right to identify how much of this is due to increases in housing and land prices in several countries including the UK ("Mind the gap," September). However, he omits two more controversial areas of policy.

One is improving the conditions of employment for people on low pay. Whether it's not paying carers for travel between their visits, or zero hours contracts in retail—too many people have highly uncertain incomes.

The second is the need to bring down high rates of pay in some parts of the economy, particularly finance. Bankers and corporate CEOs are taking advantage of lax governance and remuneration structures that allow them to extract economic rents just as surely as any landlord.

**Diane Coyle, professor of economics at the University of Manchester**

## Moving the target

John McTernan is right: we need fewer Whitehall departments, especially given the government's

mooted spending cuts of 25-40 per cent ("Are there too many government departments," September). Instead of constantly looking to local councils for cuts, central government must be firmly in our sights.

Amid devolution, what purpose is served by having an independent Scotland Office, Wales Office and Northern Ireland Office?

**Mark Pengelly, Woking, Surrey**

## Time to intervene

Anna Blundy's column ("I'm not here to give advice," August) displays a troublingly insouciant approach to the assessment of risk in her clients: and an attitude to suicide prevention which places the profession she seeks to enter beyond the pale of mental health services generally.

Other clinicians, working in crisis services, A&E, and as well as psychiatric settings, are taught from day one to respond to disclosures of suicidal thoughts, by clarification, risk assessment, advice and—where necessary—intervention. This approach has been repeatedly restated in governmental suicide prevention programmes, which now reach out as far as receptionists in A&E and doctors' surgeries, and appear to be successful.

Her account of a dismissively heretical psychiatrist who would be "turfed out of some training institutions" for advocating even minor intervention to reduce risk speaks volumes about those institutions, and raises questions about the training they provide.

**Stephen Potts, consultant psychiatrist, Edinburgh**

Read Anna Blundy's response at [www.prospectmagazine.co.uk](http://www.prospectmagazine.co.uk)

## Gender gap

Josh Lowe wrote an excellent summary of the depressing mathematics situation in British schools ("Why are we so bad at maths?" September) but to me, he did not seem to answer the question.

One reason that Britain has fallen so fast down the PISA statistics is that many British females are frightened of maths—with a fear which can range from apprehension to brain-freeze.

I was surprised to see no mention of the impressive recruitment of girls to maths being carried out by Edwina Dunn, CEO of Your Life, the huge project backed personally by Nicky Morgan and the Department for Education.

**Shirley Conran, founder of Maths Action**

Josh Lowe's article outlines many responses to the UK's poor performance in international league tables for maths. However it is clear there is a perception among girls that maths is too hard and there is a reluctance of girls, compared to boys, to go on to study maths beyond GCSE. This is not just a life skills issue but a social justice issue: how do you budget properly or get yourself out of debt if you cannot do maths?

**Elizabeth Berridge, Conservative peer**

## Sink or swim

The supplement in the August issue of *Prospect*, ("How to Save the Ocean") was welcome and much needed. The main abuses are overfishing of quota-protected fish, the plundering of fish stocks near to land, and an appalling abuse of migrant fishermen.

There are welcome signs that the international community is "closing the net" on illicit practices. New Zealand, for example, requires all foreign owned fishing vessels seeking to fish in their waters to register under their jurisdiction with strict conditions on licensing, safety and employment.

**Julian Parker, chairman of the Maritime Foundation**

## The BBC is an asset

Charlotte Higgins's piece on John Whittingdale's stewardship of the BBC missed a point ("The BBC's only weapon," September). Yes, he does want to do his best and yes, the Treasury will call the shots—in the end it has always done so. But the public has no platform to express its real interest in the BBC. The worry is that Whittingdale mistakes the hostility of the press for "public opinion."

**Jean Seaton, professor of media history at the University of Westminster and official historian of the BBC**

## In fact

Buzz Aldrin claimed \$33.31 in travel expenses for his trip to the moon.

*The Telegraph, 3rd August 2015*

In medieval times, "God's bones" was considered the most offensive swear word.

*The Times, 11th May 2013*

Saddam Hussein was given the key to Detroit more than 20 years ago

*CBS News, 26th March 2003*

The Japanese practice of *inumeri* involves intentionally falling asleep at the office, including in meetings. It is taken positively, showing that an employee is so dedicated to their work they have worn themselves out.

*The Guardian, 7th July 2015*

Kissing is considered a romantic act in fewer than half of the world's cultures.

*The Washington Post, 27th July 2015*

In 2012, just 8 per cent of births in Greece were outside marriage, compared to 48 per cent in the UK.

*Eurostat*

For the first time in history, three Category 4 hurricanes have hit the Pacific Ocean at the same time.

*Science Alert, 31st August 2015*

Oxford University is older than the Aztec Empire.

*Smithsonian, 11th October 2013*

It rains diamonds on Saturn and Jupiter.

*BBC, 14th October 2013*



"I wish he'd do something else with his life apart from wait for the Chilcot Report..."



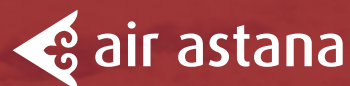
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# Opinions

Peter Kellner

## Between a rock and a hard place

David Cameron's immigration dilemma remains acute



When he considers what he should now say and do about immigration, David Cameron has a stark choice: to be disliked or disbelieved. If he says that the current levels reflect Britain's strong economy, high-quality universities and the demand of employers for hard-working staff, voters will say he is hopelessly out of touch. But if he says he still means to reduce the net inflow to "tens of thousands", voters will say "no chance".

All modern Prime Ministers have faced dilemmas like this. The difference is that

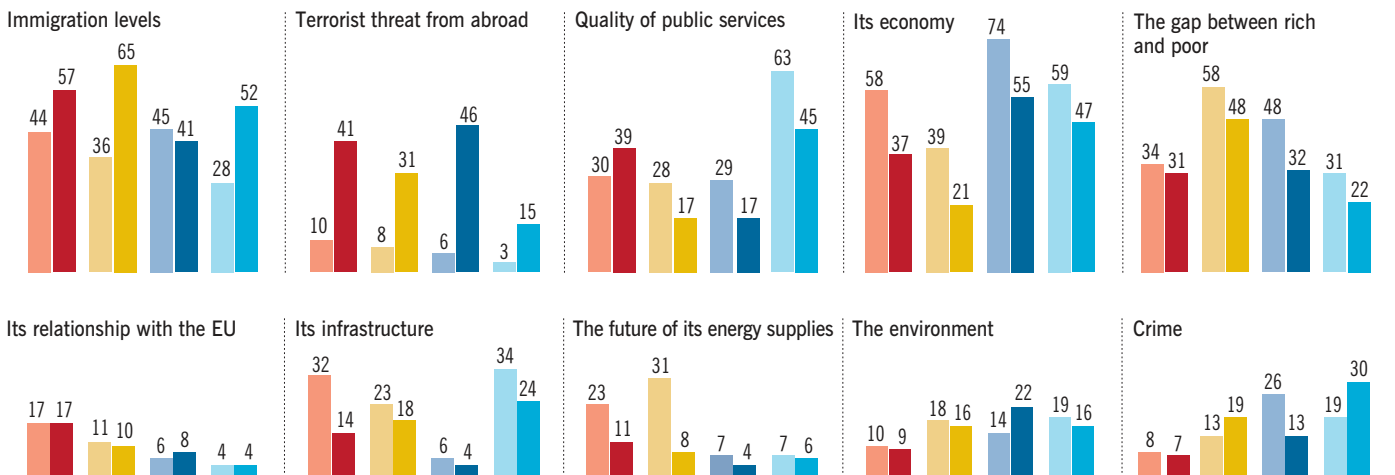
immigration didn't used to matter so much. In Tony Blair's era, voters were concerned with jobs, taxes, crime and health-care. Today, as YouGov's latest survey for *Prospect* shows, voters regard immigration as Britain's number one problem; it has also jumped to the top in Sweden and Germany. The immensely distressing image of a drowned Syrian child on a beach has had some effect on European attitudes. Even so, immigration is a Europe-wide political headache.

The current crisis over refugees from Syria and elsewhere has added greatly to the immediate political problem; but the underlying challenge predates the crisis and will persist even if and when it disappears from the front pages.

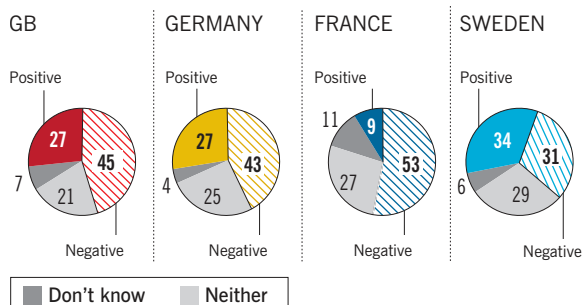
The graphic shows how the fear of immigration has gripped Europe. Only in France does concern appear to have dropped; but this is an illusion. Early last year 45 per cent cited "the level of immigration" as one of the country's three top

Which two or three of these problems facing Great Britain, Germany, France and Sweden are most important just now?

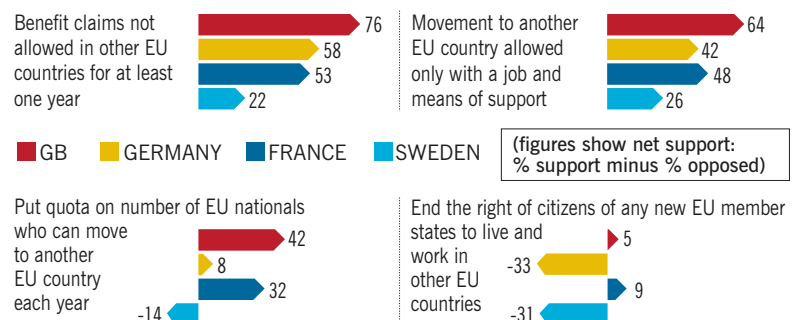
GB % Feb 2014 Aug 2015 GERMANY % Feb 2014 Aug 2015 FRANCE % Feb 2014 Aug 2015 SWEDEN % Feb 2014 Aug 2015



Overall, does immigration from other EU countries have a positive or negative effect on...?



Thinking about the current right of EU citizens to live and work in other EU countries, would you support or oppose the following changes?





concerns; just 6 per cent picked terrorism. Now the figures are: immigration 41 per cent, terrorism 46 per cent. Following the attack on *Charlie Hebdo* earlier this year, and the incident of the gunman on a TGV train shortly before we conducted our latest survey, the figures are best seen as a sharp overall rise in concerns about the impact of outsiders on life in France.

The root of the problem is a wide public perception in all the countries we surveyed that immigration does little good for the host countries. The official statistics tell a story of economic and financial gain—migrants doing jobs that are needed and paying more in taxes than they receive in public services and welfare benefits—but many people see national life going to the dogs.

When we asked specifically about immigrants from other EU countries, we found that attitudes in Britain and Germany are virtually the same—just over a quarter saying that immigration has had a positive effect. In France, immigrants from the

rest of the EU are even less popular, with 53 per cent saying the impact is negative. Only Sweden tells a different story, with about one-third each saying positive and negative. Its more liberal traditions generate more liberal attitudes, but these have failed to prevent the nationalist Sweden Democrats from becoming the country's most popular party.

In the next few months Cameron will seek EU support for, or at least tolerance of, tougher rules on free movement, as he tries to negotiate a new deal for Britain ahead of the coming referendum on EU membership. Not surprisingly, our survey indicates that there is strong domestic support for key parts of his agenda, with overwhelming majorities wanting other EU citizens being allowed to move to a new country only if they already have a job with a steady income lined up—and having to wait before they are entitled to claim welfare benefits.

Indeed 64 per cent of Britons would go further than Cameron has proposed, and

support “a quota on the number of EU nationals who can move to another EU country each year.” That would kill the principle of free movement stone dead. But it's telling that so many people support it—and that more Britons support (41 per cent) than oppose (36 per cent) “ending the right of citizens of any new member states to live and work in other EU countries”.

To report public opinion is not to endorse it, or to argue that heads of government should abandon their principles when deciding what to do. Sometimes leaders need to display courage, and choose what is right over what is popular. However, it can be unwise to defy the national mood on a major issue for too long. Cameron's stance on immigration may be more in tune with his voters than Merkel or Hollande are with theirs, but the difference is relative; and the dilemma that flows from his failure to meet his own targets, remains acute.

*Peter Kellner is the President of YouGov*

Bronwen Maddox

## Which side is Britain backing in Syria?

It doesn't know



David Cameron is preparing the way for a vote on extending British air strikes from Iraq to Syria. Fine as far as it goes; this could make inroads into Islamic State, and there are good military and humanitarian reasons why Britain should take the risk.

But what then? To intervene to defeat one group without a plan for the future is a recipe for disaster, as the Chilcot report on Britain's failures in Iraq will no doubt eventually show. Crispin Blunt, the chairman of the Commons foreign affairs committee, has remarked acidly that it “is not as inappropriate as it seems,” that British airstrikes stop at the Iraq-Syrian border “as the coherence of our present policy also stops there.”

Four years after the Syrian civil war erupted, Britain still cannot answer the most basic question: who does it want to win? It did once have an answer—the rebels of the Free Syrian Army, who back the loose coalition recognised as the opposition by the United States and Europe. But despite millions of dollars of support from the US and others, and informal backing from Turkey, Saudi Arabia, and Qatar, they have got nowhere.

At least, you might say, Britain knows who it most wants to lose—Islamic State. The US, UK and France all say that defeating IS extremists is the priority—although for four years they have also said that Assad must go. Yet Assad's survival, and the European refugee crisis, may force them to choose which

enemy is worse. That could push them into a U-turn dramatic even in a region which eventually extracts realpolitik from the most idealistic governments. Austrian and Spanish ministers have now broken the taboo by saying that dealing with Assad may be the price of any plausible plan to reduce the fighting.

In Syria, western governments are spoilt for choice of enemies. Assad's regime has killed many more Syrians than IS, turning chemical weapons on civilians and opposition rebels in defiance of international law and President Barack Obama's purported “red lines”. He is still there because he is backed by Iran and by Russia—increasingly actively, President Vladimir Putin has admitted. Meanwhile, the civil war has created a cauldron of chaos into which jihadists have poured. IS, which already controls half of Syria, is only one, if dominant; Jabhat al-Nusra and Ahrar al-Sham, inspired by al Qaeda, are there too.

American officials admit they underestimated IS's appeal and ability to capture territory; after President Barack Obama compared the group to a junior basketball team playing out of its league, it promptly seized most of northern and western Iraq. Yet they have also stuck to the public position that Assad must go, given his treatment of his own people and the extremism that this history of brutality will fuel if he remains.

That's a powerful argument, with moral

and pragmatic force. But it's hard to fight two enemies at once—not least when they are each other's worst foe. Beating one strengthens the other. Some European officials remark that it is hypocritical to complain about Russian support for Assad because if his regime finally collapsed, IS would become the dominant player in Syria.

As it began to dawn on Western governments over the past couple of years that in the FSA, they had not backed a winner, they began quietly to shift position. Some officials mused privately about whether they could contemplate an outcome where much of the structure of the regime remained in place, provided that Assad himself and his top people went.

The flood of Syrian refugees pouring towards Europe—11 million Syrians have been driven from their homes—has now changed the tone even more. Sebastian Kurz, Austria's foreign minister, called in September for the West to talk to Assad to help the fight against IS. “One should not forget the crimes that Assad has committed, but also not forget the pragmatic view of the fact that in this fight [against IS] we are on the same side.” His comments, made during a state visit to Iran, echo others; José Manuel García-Margallo, Spain's Foreign Minister, has said that negotiations with Assad are necessary to end the war.

It is clear now at least that western gov- ▶

ernments will need to talk to Russia to make progress (indeed, US Secretary of State John Kerry has made several calls to his counterpart). The aim would be a joint effort to press all sides towards some kind of settlement—a messy arrangement of different zones of control, with or without Assad in place.

There are, of course, formidable problems with that. Assad shows no sign of wanting to talk to anyone. US and EU relations with

Russia are icy. And Syria is so shattered—almost certainly beyond reconstruction as a single nation—that stability seems a fantasy.

The choice that Britain faces is an ugly one: whether to pursue one enemy although that will strengthen another. But if it decides for good reasons to pursue IS into Syria with airstrikes, it needs to be able to answer the question—is it prepared to deal with Assad, if that is what talks to reduce fighting then

prove to require? Those who answer No have morality and justice—and some pragmatism—on their side. But they then need to explain the alternative goal they will pursue. The strategy of the past four years—to hope both that Assad will fall and that IS will crumble—has been one of wishful thinking. As the refugees streaming towards European shores show, it hasn't worked.

*Bronwen Maddox is Editor of Prospect*

Anatole Kaletsky

## How Corbynomics could work

The problem is Jeremy Corbyn's belief that government money should go to his pet schemes



Whatever you may think of Jeremy Corbyn, he has a point about economic policy. Actually he has two good points and one bad one. Corbyn has been right about what he called People's Quantitative Easing (PQE), a potentially transformative idea for restoring economic prosperity that was proposed years ago but has never been taken seriously in Britain until it became the centrepiece of Corbynomics.

Corbyn has also been right about the problem to which PQE is a convincing response—the fallacy that government can do nothing more to strengthen Britain's pitifully slow post-crisis recovery because “there is no money,” in the fateful words of Liam Byrne. In fact, there is more money available to the British government today than ever before, since the Bank of England has been printing the stuff like wallpaper.

The problem, and the fatal flaw of Corbynomics, has been Corbyn's belief that the government money which is easily available should be spent on his pet schemes to nationalise industries, create public sector jobs, eliminate student fees, increase social spending and generally build a Workers' Paradise.

Corbyn is right to maintain that the Bank could create more money out of thin air and channel it into the economy more effectively and equitably than it has through its misguided policy of what might be called “conventional” Quantitative Easing (QE). But the moment that Corbyn suggests that this newly created money should be used as a political slush fund for government to spend on whatever it fancies, the conjured-up wealth turns to dross and a coherent economic policy turns into a recipe

for the next Labour financial disaster.

This paradox arises because monetary policy does not affect the economy directly, but only through the actions of consumers, businesses, workers and investors. QE can stimulate growth and employment, or merely create inflation, or have not much effect at all, depending on how newly-created money is channelled into the bank accounts of the people and businesses who make decisions on spending and investment.

Conventional QE works mainly by making the rich richer. The Bank buys bonds in financial markets, thereby transferring newly-created money to banks, hedge funds and other investors and boosting the prices of bonds, shares and other assets. The Bank then crosses its fingers and waits for a “wealth effect” to stimulate the economy,



Stephen Collins [www.COLILLO.COM](http://www.COLILLO.COM)



as the investors who have been enriched by selling assets at high prices to the Bank of England spend some of their profits on the high streets or employing servants or investing in new businesses. To some extent, this has happened, and has helped to pull Britain out of deep depression. But despite the £375bn distributed to investors by the Bank of England, Britain has experienced the slowest economic recovery on record since the global financial crisis.

Now consider a variant of this policy which I think I was the first to describe as “QE for the People”. Imagine that the Bank of England, instead of spending £375bn on buying bonds from banks and hedge funds had instead sent cheques of £20 per week to every man, woman and child in Britain, in a sort of reverse poll-tax, and promised to continue this until one of two things happened: either the British economy returned to its pre-crisis growth trend or the inflation rate exceeded 2 per cent consistently for a year.

Since £375bn is roughly £6,000 per head when equally divided among by the 64m people of Britain, this weekly income support could have continued for over five years before requiring the Bank to print more money than it did through conventional QE.

A weekly income boost of £20 for every citizen would have worked very quickly to stimulate economic activity or inflation—more so than indirect distribution of money through bond markets and wealth effects. That, incidentally, was one of the few points of agreement between Milton Friedman

and John Maynard Keynes in their analysis of economic depressions. Both argued persuasively that universal distributions of “free” paper money was a sure-fire weapon against depression, with the sole difference that Friedman proposed dropping money from helicopters, while Keynes was more puritanical, suggesting money could be buried in disused coal mines so that people would have to do hard work to dig it up.

But wouldn't it be irresponsible simply to create money out of thin air and give it out to people? The intuitive objections to printing money have been theoretically refuted by many economists since Keynes and Friedman, most recently and comprehensively by Adair Turner in *Between Debt and the Devil*. In practice the prophecies of doom provoked by successive rounds of QE from 2009 onwards—that printing money would cause hyper-inflation or the collapse of sterling or the insolvency of the Bank of England—have all proved wrong.

Why then does almost no serious thinker support Corbyn's proposals? Apart from sheer conservatism and lack of imagination, the problem is that PQE will work only if there is confidence that the money printing will stop as soon as deflationary conditions are lifted and additional money starts to push up prices instead of stimulating economic growth. The fatal flaw of Corbynomics lies in the conditions required for the printing presses to stop.

If newly created money is used to finance public spending instead of per-capita cash payments, this process cannot be stopped when it begins to do more harm

than good. Infrastructure investment projects obviously cannot be suddenly stopped when the economy returns to full employment. This is equally true of government programmes to redress inequality, improve education, or achieve other desirable social goals. If such programmes are permanent responsibilities of government they have to be financed by permanent sources of revenue, not used to provide a one-off injection of spending power.

If the Bank of England prints money and spends it on buying bonds or issuing monthly cheques to all citizens, these programmes can be stopped as soon as inflation accelerates or the economy returns to adequate growth. But if QE is used to finance infrastructure investment or permanent social programmes, as proposed by Corbyn, the printing of money is bound to continue indefinitely, even when a tightening of monetary policy is required—and the outcome is bound to be severe inflation. Since this risk would be apparent from the very start of Corbyn's QE, the result would be exactly the outcome to be expected from a throwback to the policies of 1970s Old Labour.

Suppose, on the other hand, that newly printed money were distributed equally across the entire population to create additional spending power in a truly egalitarian manner. That really would be a “People's QE” and it would powerfully simulate economic growth.

Anatole Kaletsky is Chairman of the Institute for New Economic Thinking and author of “Capitalism 4.0: The Birth of a New Economy”

Gillian Tett

## Put patients first

Breaking down the boundaries of surgery and medicine makes sense



A decade ago, James Young, a genial British-born doctor, had one of the most prestigious jobs possible at an American hospital. His title was “Head of Medicine” at Cleveland Clinic, one of the biggest hospitals in the world; and since western medicine has traditionally been split into two branches—namely “medicine” and “surgery”—James was thus overseeing half the hospital.

But in 2007, James was sucked into an extraordinary experiment. Toby Cosgrove, a heart thoracic surgeon who runs Cleveland Clinic, declared that he was abolishing the Department of Medicine, to blend surgery and medicine into a single unit. Some doctors might have howled in protest.

But James did not. “I could see the sense of that,” he recalls, with a smile. These days Cleveland Clinic has turned the usual organisational map of medicine upside down.

Instead of splitting its operations between “medicine” and “surgery”, it organises itself according to different body parts or ailments.

Instead of a “neurosurgeon” department that keeps itself apart from “neurology” and “neuro-radiology” and “psychiatry,” it has a single “brain” institute instead.

The core goal is to structure the hospital around the way that consumers (that is, patients) experience medicine—rather than how providers (that is, doctors) have been trained. “A patient doesn't go into a hospital and say ‘I want to see a cardiothoracic surgeon’—they just say ‘I have a chest pain’ or ‘my head hurts,’” as Cosgrove explains.

Welcome to a curious little experiment that British doctors and policy makers ought to watch. In recent years politicians and policy makers have fretted endlessly about the state of the National Health Service (NHS);

there is concern about underfunding, inefficient processes and falling standards. But there is also another problem that does not get nearly enough debate: the problem of silos, or the way that medicine is organised into fragmented units, and specialist medical experts (or quasi tribes).

As medical bureaucracies keep swelling in scale, they are not just becoming more impersonal; they are also fragmenting people too. Similarly, as NHS hospitals embrace a policy of outsourcing and hyper streamlined efficiency, this tends to breed a world where people are only incentivised to care about what is directly under their nose. And this in turn can leave healthcare professionals operating with rigid labels and boundaries which are ill suited to the modern world.

After all, these days, medical techniques are advancing so fast that the boundaries

A large, stylized graphic of a world map composed of various icons representing different aspects of life, industry, and nature. The map is divided into three main color-coded regions: blue for water, green for land, and yellow for a central landmass. The icons include people, buildings, factories, trees, and various symbols of progress and sustainability.

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that dominated a century ago can often seem out of date. (To cite one example, radical new techniques in the use of catheters in heart surgery have blurred the boundary between “physicians and “surgeons”). Meanwhile, most medical innovations tend to occur when scientists jump boundaries.

When medicine is fragmented, it tends to be more costly—and ill-suited to what patients need. After all, the way that patients experience sickness and health does not sit inside one simple silo; it tends to cut across multiple boundaries. Delivering healthcare with rigid bureaucratic systems, in other words, tends to hurt the medical world; it also lets patients down badly, making it harder to restore people to health.

Breaking down the boundaries is certainly not simple. For one thing, it has a nasty habit of threatening power structures and vested interests. So much so, that when Cleveland embarked on the restructuring, the rest of the American medical establishment protested so vociferously that Cleveland was forced to reinstate some of the old

structures, simply to ensure that medical students could get their qualifications.

But the resulting pattern has one big advantage: it forces medical practitioners to think constantly about how they divide up the world. Cleveland today uses many other tactics to redefine what medicine is “about”. There is an “Office of Patient Experience,” which upholds the idea that medicine should treat the mind and emotions too. To encourage doctors to take a more holistic approach to medicine, they have been sent to Disneyland for classes on “service”—and sternly told that they are also responsible for keeping the wards clean.

Patients are being given single internet portals to ensure they can control all aspects of their healthcare. Architects have designed the hospital to ensure that different medical staff constantly collide with each other. And when a patient arrives a hospital, a red coat “greeter” helps them navigate the bureaucracy.

Are these just cosmetic gimmicks? In some cases, perhaps. And they certainly do

not always come cheap; Cleveland Clinic enjoys the luxury of attracting plenty of patients with generous insurance programs. But what British doctors might do well to note is that not only are Cleveland Clinic’s costs lower than many of its American rivals—reported levels of patient satisfaction have soared in the last decade too. So have the doctors, it seems: turnover at Cleveland is remarkably low.

And in that there lies a moral. Mixing the boundaries in medicine does not always fix the problems. But managers in the NHS, as in any system, need to challenge them, or at least ask whether the way that medicine is divided really makes sense for patients, not doctors.

That is never easy to do. But it is a process that is crucial to make medicine efficient and innovative. And that is something that everyone thinks that the NHS needs to be.

*Gillian Tett is US Managing Editor of the Financial Times. Her latest book is “The Silo Effect: the peril of expertise and the promise of breaking down barriers”*

Jessica Abrahams

## Britain’s teenage pregnancy success

We’ve made progress, but more could still be done



Figures released at the end of August show that teenage pregnancies in the UK are at their lowest level on record. That may come as a surprise to some—in a recent survey, Britons overestimated the proportion of teen mums by about a factor of ten—but not to those who have been following the numbers over the past decade.

The latest figures compiled by the Office for National Statistics show that the proportion of girls becoming pregnant between the ages of 15 and 17 in England and Wales fell to less than 2.4 per cent in the first half of 2014—a drop of almost half since 1998. The rate in the UK has remained stubbornly higher than in many developed countries for decades—in 2012 the proportion was higher than every EU country except Bulgaria, Romania and Slovakia—but the new figures show that the UK is finally catching up

Concern about teen pregnancies often reflects lingering prejudices and moralistic qualms. Teenagers can be committed parents, but the statistics do suggest sound reasons for wanting to reduce the numbers. Pregnancies among teens are most likely to be unplanned and unwanted: about half end in abortion. Far more prevalent in deprived areas, they are often a symptom of wider problems: a lack of education and opportunities, which might lead people to start families later in life. But having children young can also exacerbate these circumstances.

There are greater health risks too, and high costs for public services.

Improving education and opportunities could be the most effective way to bring the numbers down; the fall in the UK’s rate has coincided with improvements in education. Other factors such as social stigma, while not necessarily a desirable way to tackle the problem, are relevant; while in the long-term there is a snowball effect: so once the numbers start falling it’s easier to continue that trend down through generations. But easy access to contraception and high-quality sex and relationships education are important too.

In 1999, the Labour government’s Social Exclusion Unit launched a £280m Teenage Pregnancy Strategy. This 10-year plan had many strands but centred on improving sex education and making contraceptive services more user-friendly. The idea that sex education does more harm than good still holds sway: at the end of last year, Conservative MP Philip Davies claimed that the rise of sex education has led to an increase in teen pregnancies. But the figures contradict him: the numbers have fallen almost every year since it was launched.

One of the challenges it faced was in encouraging schools to take up sex education without it being mandatory. In February, the Education Select Committee recommended making sex education stat-

utory. Labour, the Liberal Democrats, the Green Party and the UK Independence Party all included this in their general election manifestos. The Conservatives did not.

An increase in sex education by schools over the past decade means that about 40 per cent of British teenagers now cite lessons as their main source of information about sexual health—yet around half of boys and nearly as many girls still say they get most of their information from unreliable sources.

According to recent analysis by the team behind the National Survey of Sexual Attitudes and Lifestyles, teenagers who reported learning about sexual matters mainly from school were more likely to start having sex later and less likely to have unsafe sex.

Good sex education doesn’t have to come from teachers: parents, health professionals and authoritative online sources can play their part, too. Haringey—which in 2010 had one of the highest rates of teenage pregnancy in the country, a figure it has since cut to below the national average—has recently launched an app.

The UK has made remarkable progress over the past decade. Ensuring that the gap with our western European peers doesn’t widen again will not be an exact science—but falling into line on the issue of sex education is a good place to start.

*Jessica Abrahams is Production Editor of Prospect*



AC Grayling

# Giving a voice to the silent

Allegations of the past must be addressed in the present for the sake of the victims



Investigations into allegations about the notable dead—I have Edward Heath in mind, who might be innocent, and Jimmy Savile, who almost certainly was not—raise inevitable questions about justice. It could be pointed out that the fact that the dead cannot defend themselves violates the principle *audi alteram partem*—“hear the other side.” It is easy to attack a completely inert target: the accuser is immune to counterattack, and therefore indicts, asperses, alleges and vilifies with impunity. This, so critics of the accusers might say, is unfair to the dead, whose entire life is thereby blackened without their having a chance to respond.

Is this right? On the other side it can be argued that the dead are not silent. Their side of the story is loud in the record, which includes the voices of those on whom they had an effect for good or ill. They could have defenders and advocates now, who can put their side of the story on their behalf. Their defenders can counter-allege that accusers have axes to grind, or are lying, or are attention-seeking. Thus the *alteram partem* can indeed be presented, and if the principle is not being violated, no injustice is done.

The arguments on both sides are significant. But they recede in the face of the most important point, which is that when allegations are made about past wrongdoings, whether or not their alleged perpetrators are still alive, the value of addressing them lies in the present, for the living victims who still deal with the consequences, and for whom acknowledgement of what happened is a necessity.

This idea generalises from individuals

who as children were hurt by people they trusted—by priests, for example—to the inheritors of human rights crimes such as those suffered by the Armenians of Turkey a century ago. When there is no acknowledgment that wrongs occurred, wounds do not heal. Recognition today of Atlantic slavery and the atrocities against Jews in Nazi-dominated Europe make a difference to the inheritors of those victimhoods. Turkey’s refusal to accept Ottoman treatment of Armenians is a festering sore.

Think what it would be like if you were wronged, and therefore complained, but no-one listened—indeed, turned their backs, or even punished you for complaining. Throughout history and still in most parts of today’s world, people in power—whether conferred by celebrity or actual political or weapons-bearing power—exploit other people at whim, and with impunity. The treatment of women and girls by soldiers in wartime is the paradigm.

It has been well said that if you want to know what a person is really like, give them power over the weak—whether it is a kitten or a girl captured by troops in a jungle. Decades ago pop celebrities and people in high positions behaved in the same way. Active sensitivity to human rights and the interests of the vulnerable has grown over the past few decades to the point where cover-ups of such behaviour is wholly unacceptable.

This is progress, real progress, and doubters about human rights and scoffers at everything pilloried as “political correctness” (a lot of which, admittedly, is nonsense: but not all) fail to see how great it is

that those who were once entirely voiceless are finding voices—their own, or advocates’ voice; that time and death cannot bury wrongs, so that now there is opportunity for injustices to be dragged out of tombs and made visible in the light of day.

If there is one major fault with the conversation that humankind has with itself about these matters, it is the impulse to render everything simplistic, black or white, all or nothing. The operative word is “everything.” Some things are indeed all or nothing: past child molesters, whether dead or alive, are unequivocally wrongdoers, and deserve the appropriate response.

But consider much more complicated matters—say, demands for reparations by some of today’s descendants of the Atlantic slave trade. Arithmetic tells us that almost every one of us on this planet is a descendant of both slaves and slave masters, from some point in history and with almost certainly from multiple points in history. Who then must make reparation to whom? In this case it is better if we all fight on behalf of today’s slaves, who outnumber all those taken in all three centuries of the Atlantic trade. That is the better response to this aspect of history.

But recent child abuse is not in this category. The victims live with the actuality of hurt right now, and some of the perpetrators are still alive. Giving the victims justice requires a full hearing of the available facts, not allowing the accident of death to kill their chance of acknowledgment and catharsis.<sup>[1]</sup>

AC Grayling is a philosopher, and Master of the New College of the Humanities

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## The Duel

# Should the railways be renationalised?



Since 1994, when John Major began splitting up British Rail, the state-owned enterprise, into dozens of companies, Britain's trains have been largely privately operated. But Network Rail, which manages the track on which they run, is in state hands. The decision to privatise the railways and the manner in which it was carried out have always been controversial, no more so than now, as more people are using the rail network than ever before. Recently, the Labour leadership contender Jeremy Corbyn called for Britain's rail to be renationalised.

**YES** It is not surprising that the railways were one of the last industries to be privatised. Even Margaret Thatcher counselled against it, and for once she was right. Privatising an industry that is not only dependent on subsidy but which provides an essential social service makes no sense at all.

And so it has turned out. In the first years of privatisation, safety was compromised through a series of hasty and ill-thought changes, a period that coincided with the accidents at Southall, Ladbroke Grove, Hatfield and Potters Bar.

The railways absorb around £4.5bn of taxpayers money each year—three quarters of this is spent on investment, and the rest on supporting loss-making services. The aim of privatisation was to do away with subsidies, but its effect has been to double them.

Much of this is down to the fragmentation

of the industry, created to stimulate competition in a sector that is a natural monopoly: for the most part there is only one track in each direction which makes having rival train operators wasteful. The separation of infrastructure from operations was intended to stimulate competition—but it turned out to be the most damaging mistake of all. Creating a contractual relationship between the infrastructure provider—first Railtrack, now Network Rail—and the train operators has added vast costs to an industry that operates far better as an integrated whole.

One neat example. In August, there was a hearing into the use of the East Coast Main Line. Rival firms are seeking more train lines but the sole franchisee, Virgin, is objecting. The hearing was attended by 67 people, of whom 23 were from the Office of Rail and Road Regulation and the Department of Transport, and QCs were representing various sides—is this a way to run a railway?

**NO** The problems you identify are the result of government intervention rather than privatisation. It is difficult to see how further renationalisation would reduce the negative impact of political meddling. In the rail reforms of the 1990s, ownership was nominally transferred to the private sector, but the government retained control over the industry through a regime of heavy regulation combined with increasing degrees of direct political interference. Rail firms effectively became subcontractors for the state.

The scope for entrepreneurship, innovation and productivity gains was severely limited.

A genuinely private and free-market railway would never have evolved the dysfunctional structure that the government imposed on the industry (partly in response to EU directives). The rail pioneers of the 19th century quickly realised that separating track from train created huge inefficiencies. As you point out, this state-mandated fragmentation has pushed up costs substantially, adding to the subsidy burden. The major beneficiaries have been the armies of bureaucrats, lawyers and consultants that have cashed in on the resulting complexity.

One area where the private sector has been far more successful than British Rail is in lobbying for government cash. The true level of subsidies is actually worse than you acknowledge. Including Crossrail and High Speed 2, it is roughly £6bn a year. Taxpayers are also saddled with the long-term burden of Network Rail debt, which has now reached an astounding £38bn.

Much of the additional spending has been directed towards upgrades and new infrastructure, which in part reflects a change in government policy. From the 1990s onwards a strategy of managed decline was replaced by an agenda that promotes public transport, a shift that partly explains the substantial increase in rail use over the last twenty years. Again, this is not a market outcome but the result of elitist, top-down decision-making by politicians and senior officials.



The loss-making (in commercial terms) rail infrastructure projects that have driven up subsidy levels would never have been funded by private investors.

**YES** The idea that the problems of the railways come from too much government intervention is fanciful. The railways can never be an unregulated free market industry for three reasons. First, they are constrained by physical limitations. There is no scope for increasing capacity without vast amounts of investment. This will never come from the private sector (you may have noticed, there is not a queue of companies willing to invest in HS2.)

Secondly, railways have a monopolistic control over commuter lines. Simply allowing market pressures to push up ticket prices for, say, people coming into central London would cost thousands of jobs and wreck towns and suburbs that are dependent on the wages of the commuters.

Thirdly, the railways provide a key social service for people without access to cars and even many who do. Many people would simply not be able to travel without fares being kept down through subsidy and regulation.

Given these constraints, the logic is simply to cut out the “faux capitalism” as I have termed it, and give the railways over to a government corporation, which acts at arms length from the Department for Transport, as was the case with British Rail. This would reduce costs, speed up decision making and enable the rapid reintegration of the railways which you advocate.

Your free market solution is poor economics. Government is involved in the railways because they create vast externalities that benefit both individuals and companies. A free market railway would only reflect the direct costs and benefits of train travel. So, for example, if freight had to pay the full costs of rail travel, millions of tons of building materials would be put on to the roads, causing congestion, pollution and damage to road infrastructure. Your free market obsession takes no account of such consequences.

**NO** It is naïve to think that an arm’s length government corporation would put an end to political interference. Network Rail was supposed to be independent, but in reality its ill-fated investment decisions were driven by politics and special interests. The current crisis is the predictable result. As long as the Treasury is funding major investment, harmful politicisation is inevitable.

Network Rail also shows (yet again) that nationalised industries are plagued by inefficiency and poor incentives to control costs. Moreover, their lack of entrepreneurship stifles innovation and hinders the productivity improvements that deliver better services for less money. The only effective way to deliver major efficiency gains and get pol-

itics out of the railways is to set the industry free through genuine privatisation.

A combination of new technology and flexible pricing can address most capacity issues. But if new infrastructure made commercial sense, the private sector would provide it, particularly if allowed to develop land along the route. The construction of Britain’s rail network was funded by private investors.

Monopoly fears are overblown. Rail carries a small fraction of passenger and freight traffic, and even in the London commuter market there is competition from other modes. A rail firm that overcharged would be shooting itself in the foot, particularly in an era of teleworking. It would also dissuade people from moving their home or business to an area served by a more expensive line.

Social concerns are also unconvincing. Rail users are on average far richer than the general population. Subsidising long-distance commuters from the stockbroker belt is not a good way of helping the poor.

Yes, there are benefits to railways that are not fully captured by fares. But what about the significant wider costs, including noise, air pollution and the obstruction of other transport networks? State intervention comes with its own very substantial costs—not just political meddling but also the negative effects of the tax bill.

**YES** To say you are living in cloud cuckoo land is unfair to cuckoos. You have been utterly unable to sketch out anything like a workable model for the railways based solely on the private sector.

Take your example about a rail firm that overcharged. I presume you are familiar with the concept of elasticities. For people who have to commute to work, the elasticity is very low—in other words, however much the fares were raised, a person commuting in from Woking or Surbiton would have no alternative than the train. A profit-maximising private firm would simply milk this monopoly market.

Moreover, although you claim to understand the concept of externalities, you clearly do not. Virtually all new rail infrastructure is paid for by the state for a good reason: the benefits cannot be captured through fares because they relate to matters such as reduced congestion, cuts in air pollution, fewer road accidents and so on. Your free market model does not take account of those factors and therefore is fatally flawed.

Yes Network Rail has inefficiencies as do all large organisations. Would you say that banks, those bastions of free enterprise, have excelled themselves in the past decade or two? Government intervention is inevitable in the railways, so one might as well make the structure simple. A nationalised rail industry, integrated and run for the benefit of passengers, not profit, is a no-brainer.

**NO** You seem to have bought a return ticket to the 1970s, forgetting this isn’t a destination any sensible person would wish to revisit. The failures of nationalised industries have been brushed under the carpet and you haven’t explained why it would be different this time round. Network Rail is a reminder that poor management, perverse incentives and wasteful investment are in the DNA of state-owned firms.

The real solution lies in the opposite direction. Deregulation would encourage the entrepreneurship and innovation needed to improve services, widen choice and cut costs. Layers of bureaucracy and unnecessary complexity would be eliminated if track and train were allowed to re-integrate.

Most importantly, the burden that the railways impose on taxpayers could gradually be lifted. It is an economic error to focus on the concentrated benefits railways bring to passengers while ignoring the dispersed costs of state subsidies to the wider economy.

Similarly you show little comprehension of the market feedback mechanisms that work to mitigate potential monopoly problems—for example by encouraging competition from other modes. And while alleged market failures can be addressed efficiently in theory, the practical reality of government intervention creates more problems than it solves. Subsidies and regulation inevitably lead to political meddling and capture by special interests.

Finally, please don’t confuse crony capitalism with free markets based on voluntary exchange. The special privileges of a banking sector dependent on central bank inflation, barriers to competition, bailouts and state guarantees are no more free-market than your British Rail Mark 2. **P**

*Christian Wolmar is a transport expert and author of On the Wrong Line*

*Richard Wellings is Deputy Editorial Director of the Institute of Economic Affairs*

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*“Strictly between you and me, I’ve started having charitable thoughts”*

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# Fix the housing crisis

The public sector owns vast tracts of undeveloped land. Time to start building on it

ANDREW ADONIS

**There is a housing crisis in Britain. It's worst in London and the southeast of England, where prices and rents are now so high that many key workers can no longer afford to live in the capital, and young people struggle to buy property or to rent. The government has tried to respond, but it's too early to tell what effect initiatives such as Help to Buy and the Shared Ownership Scheme will have. There is more it can do—reform property taxes, simplify the planning system and, most important of all, start building houses again on public land.**

In my experience of public policy and government, big challenges do not always require complex solutions. Often the essential reforms are simple. I am also wary of the gibe: "If it were simple, it would have been done already." This confuses "simple" with "easy". If simple reforms are controversial and difficult to implement—because they radically challenge the status quo—then politicians tend to default into waffle, half measures or complex tweaks of the status quo, achieving little. This inaction, or avoiding action, can last decades.

The creation of academies, the Teach First training programme and the proposed High Speed Rail Two were all simple reforms or projects to address fundamental problems of (respectively) school standards and transport capacity. Yet at their inception they were very controversial and difficult.

These precepts seem to me to apply to today's housing crisis, which is concentrated in London and the southeast, across much of which prices and rents are now sky high. The problem of grossly inadequate housing supply in southern England is multifaceted. The cast of culprits includes the planning system, the Green Belt, land banking by private developers,

financial controls on local authorities, low numbers of houses built relative to available land (low "density" in the jargon), the operation of the "right to buy" scheme which allows council tenants to buy their council homes at a discount, foreign buyers treating London property as gold bars, the absence of a private rented sector managed by institutional investors, and more besides. Each of these issues has spawned micro-reform agendas, many of them highly complex. However, stand back, and two truths appear to me to get to the heart of the problem of housing supply, each of which needs to be addressed by simple—if difficult—reforms.

First, the collapse in housebuilding has largely been a function of the withdrawal of the state and local authorities from planning and developing new settlements since the mid-1970s, including new towns. Housebuilding has been almost entirely left to the private and voluntary sectors which cannot meet demand alone.

Second, land is the main requirement—and cost—of housing and, given modern employment and living patterns, suitable urban land should be the key priority for development, particularly land with good transport links within and near London. Most of this land turns out to be in the hands not of the private sector but the public sector; yet most public authorities are doing little to mobilise the bulk of their suitable public land for homebuilding.

The scale of the housebuilding shortfall is stark. More than 200,000 new homes a year are required to keep pace with household formation, at least 40,000 of them in London. Last year, there were only 119,000 completions, 18,000 in London. Between 1950 and 1980, when annual home completion rates were consistently above 200,000, this included substantial planning and building by local authorities and central government. Local authorities accounted for half of all new home completions between 1960 and 1980. Last year, just 1,180 new homes were built by local authorities, one per cent of the total. Housing associations, doing excellent work in many communities, are only partially filling this gap, building only 24,000 homes last year.

There is a vital national dimension to this, as well as a local ►

*Andrew Adonis is chair of the Institute for Public Policy Research and a former Transport Secretary and Education Minister.*







The London syndrome: is this cream-coloured house in Hackney, which boasts three bedrooms, the capital's narrowest?



## Prospect's London Mayoral hustings—what the candidates said



### Conservatives

"It's not going to be long before we get to 10m people in London, and that is going to put enormous pressure... on our housing."  
*Zac Goldsmith*

"There aren't enough people involved in housing. We need to get more developers involved and if that means making Transport for London sell land, they will."  
*Andrew Boff*

"I know what it's like to have to try and save for your deposit on your first home, watching most of your income gobbled up by rent."  
*Syed Kammal*

"Political will is the single biggest thing the mayor can [offer] to solve the housing problem."  
*Stephen Greenhalgh*



### Labour

"The number one crisis is the crisis of homes."  
*Tessa Jowell*

"The anxiety goes right up the income scales. Having a decent home with affordable rents and security of tenure..."  
*Sadiq Khan*

"Let's elect a candidate... who has a plan to actually get the money to build those social homes."  
*David Lammy*

"The power to control rents...are powers that should be devolved for London."  
*Gareth Thomas*

"I will ensure that there is a new supply of social housing. I will stop luxury developments squeezing out traditional Londoners."  
*Christian Wolmar*

one. In the immediate postwar decades, central government not only funded and encouraged local authorities to become developers, it was also a significant developer in its own right, through new towns and major urban extensions. From Stevenage in 1946 to Milton Keynes in 1967, the state developed nearly 30 new towns and major urban extensions, mostly in southern England. The new towns around London now have a population of some 1.5m; Milton Keynes alone has a population of 260,000.

As for land, for all the controversy about private sector land-banking, by far the biggest owner of undeveloped or under-developed land in England's cities, notably London, is the public sector. There is no register of public land in cities, and most individual public authorities (including local authorities) do not publish or even map their landholdings, which is partly why their extent is unrecognised. For example, the scale of just two public authorities in London—local councils and Transport for London—is vast.

London's local councils typically own between a quarter and a third of the land within their boroughs. In Southwark, occupying a swathe of the central-south bank of the Thames, the figure is an estimated 43 per cent. Much of this borough owned land is piecemeal holdings; much is within the boundaries of the capital's estimated 3,500 large council housing estates. Islington council alone owns about 150 large council estates (that is, 50 homes or more), situated on some of the most expensive land in the world.

Much of this land is undeveloped or underdeveloped, and housing densities are typically low. Southwark council, for exam-

ple, owns an estimated 10,000 garages, mostly on council estates—dating back to the 1960s and 70s, when lock-up garages were the thing, including in the inner city. Why are they still there? It relates directly to the first point about an inactive modern state. Local councils largely stopped planning and building housing estates 35 years ago, including the infilling and redevelopment of their existing estates. Just keeping these estates to a decent standard of repair and amenity has been their preoccupation, and many fail even that test. Central government mandated this diminished role for local authorities, alongside its own withdrawal from planning and building major new settlements (Canary Wharf being a significant exception).

Recent mapping shows Transport for London (TfL), which operates the capital's underground and bus services, to be an even larger landowner than any of the boroughs. TfL believes it owns 5,800 acres, an area larger than the entire London Borough of Camden (Hyde Park is 350 acres). Much of this is operational land, but again much of it is lightly developed or undeveloped. It includes 61 car parks and 270 stations. Most of these sites, including central London stations in prime locations, have gone largely undeveloped since they were built or acquired a century ago. TfL has just five officials responsible for estate development, a fraction of the number dealing with media relations.

TfL's land and stations are predominantly north of the Thames. Network Rail, which owns the national rail infrastructure, has similarly large landholdings in the capital ►





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Image: Barry Peckham RSMA ROI Valshedra, off The Needles (detail)



(although it publishes no figures), including some 370 stations, concentrated in south London. The National Health Service, the Ministry of Defence and a plethora of other government departments and agencies also have large landholdings in the capital, much of it surplus or lightly developed.

Poor management of public assets, notably public land, is a global issue. The architect Richard Rogers has spent decades highlighting the development potential of “brownfield” land within major cities. A recent book by Swedish public sector reformers Dag Detter and Stefan Fölster, *The Public Wealth of Nations: How Management of Public Assets Can Boost or Bust Economic Growth*, charts the extraordinary scale of public assets accumulated over decades and centuries. “The largest pool of wealth in the world is comprised of commercial assets that are held in public ownership,” they write. “The global total [of these assets] is twice the world’s total pension savings and ten times the total of all the sovereign wealth funds on the planet. If professionally managed it could generate an annual yield of \$2.7 trillion, more than current global spending on infrastructure.”

There are, however, notable exceptions, including small but dynamic nations and city states (or quasi-city states) acutely short of land, including the Netherlands, Singapore and Hong Kong. For example, the Hong Kong public transport operator, MTR, is one of the city’s major housing and property developers. Over the last four decades it has been allocated state land on transport corridors at pre-development value, on condition that it develops the land for housing and commerce, using the proceeds to fund the building of new metro lines which generate much of the enhanced value. This has led to intensive development around stations, most recently at West Kowloon. MTR has built more than 90,000 homes and now earns as much income from housing and property as from its transport operations. It has a staff of hundreds in its planning and property divisions.

As for the Netherlands, in his final book published last year, *Good Cities: Better Lives*, the late urban planner Peter Hall hailed the Dutch Vinex programme, through which central government achieved agreements with local authorities that generated 455,000 homes between 1996 and 2005. This followed the 1991 Vinex report, a national spatial strategy which set out a plan for new towns and urban extensions, much as the Abercrombie Plan did for post-

war London in 1944. The guiding objective of Vinex, Hall noted, was that “The houses had to be in the right places, close to existing cities... above all in the heart of the Randstad (the core Dutch city-region incorporating Amsterdam, Rotterdam, Utrecht and The Hague), and also to minimise travel to cities and secure maximum use of public transport, walking and bicycles.”

So, the withdrawal of the state and local authorities from planning new settlements, on a local and national basis, and the poor use of public land, particularly in and around London, are critical factors constraining the supply of new housing at scale where it is urgently needed. There appear to me to be three simple—if difficult—reforms to address these two problems.

First, local authorities in areas of housing shortage should be required by the state once again to become developers and place makers. Partly this will be about planning for far more housing and amenities on brownfield land where there is strong demand (particularly in London); partly it will be about new and expanded settlements, where environmental considerations need to be weighed with a view to action rather than inaction. Local authorities, including the Greater London Authority, need a new generation of public master planners and developers for this purpose, focused on sustainable development and social need, not just development control. They also need financial freedom to invest in housing on their own account.

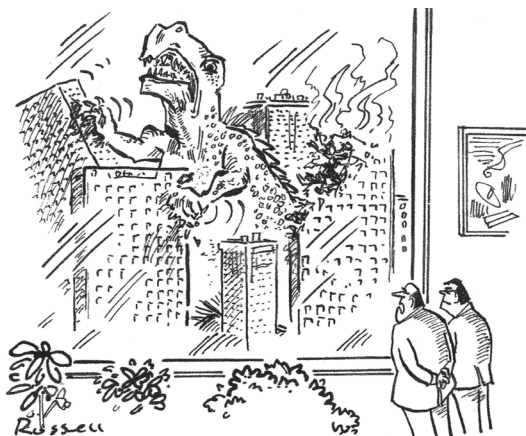
Second, the state—central government—once again needs to take a lead by systematically planning new transport infrastructure to support new housing, and by becoming a planner of major new settlements in its own right. I am persuaded that the best course is to develop “garden city” extensions to successful existing towns and cities in areas of high housing and employment demand, rather than developing entirely new towns like Milton Keynes, on the model advocated by David Rudlin, the urban designer who last year won the Wolfson prize for his work

## “The best thing to do is develop ‘garden city’ extensions to successful existing towns and cities”

on tackling England’s housing shortage. Rudlin proposed doubling the size of 40 towns and cities with good existing infrastructure and public transport connections which could be further enhanced, including Oxford, Guildford, Norwich, Reading and Stratford-upon-Avon.

The third reform is to make housing development—particularly social and affordable housing—a key requirement for all public authorities with suitable public land, enforced by local authorities (and in London also by the Mayor) with powers to take over the planning and development of public land directly where this is not happening. Transport for London, Network Rail, the NHS, the armed forces and other state agencies with major landholdings would be covered. For local authorities in areas of high housing demand, there should also be a requirement to develop their own land to provide more housing.

The regeneration of existing council estates is a vitally important element; it is probably also the most difficult. Within London, only a tiny fraction of the capital’s estimated 3,500 estates have been substantially redeveloped in the last decade (50



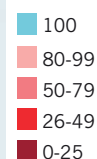
“That’s the kind of competitive drive I want to see in our company”



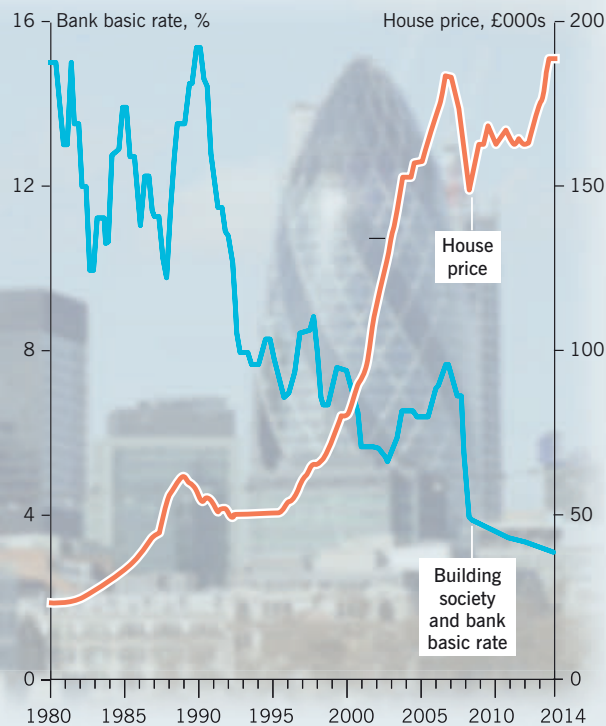
## Housing: supply and demand

% of required housing that gains consent

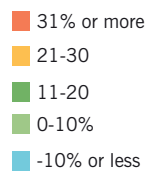
Home building permissions as % of need, as assessed by local authorities



## Falling rates, rising house prices



## London house price growth 10-yr inflation adjusted



## Unaffordable?

In 2014, the average home in the boroughs of Camden, Hammersmith & Fulham and Westminster cost more than **20 times the typical local salary**. In England and Wales as a whole, prices were **8.8 times local incomes**, which was a record.

## Inner London boroughs

- 1 Hammersmith and Fulham
- 2 Kensington and Chelsea
- 3 Westminster
- 4 City of London

according to a recent report by the London Assembly), and the assembly has identified only about 100 schemes currently underway. However, each of these estates is home to hundreds or thousands of families, and gaining their participation and consent to change is essential. This requires a big improvement in the quality of the housing and local amenities to create new “city villages,” not simply infilling and an increase in densities.

The creation of new city villages emphatically does not mean a return to overcrowding. Density and desirability are not contradictory, in the context of London’s existing low densities. Inner London’s population is still 1.7m below its 1939 peak. The expen-

sive terraces of Kensington and Holland Park boast among the highest residential densities in London, thanks to 19th-century estate planning.

Hackney council, under Mayor Jules Pipe, is a leader and a model. The council is engaged in 18 major estate redevelopment schemes, far more than any other of London’s 33 boroughs, taken forward by a large team of master planners and regeneration experts. A key partners is L&Q, one of England’s largest housing association, which is in the process of doubling in size with 50,000 new homes planned or in the pipeline. Yet this is being achieved with no state subsidy, nor even any require- ▶

ment for gap funding or bridging loans. Cross-subsidy from new property for sale to the general market is more than paying for the entirety of its estate redevelopment projects, including the provision of more social homes, and L&Q's strong balance sheet and credit rating are sufficient for it to borrow to finance the cost of investment. L&Q alone is confident that it could take on dozens of new projects, if it had willing local authority partners with suitable estate redevelopment projects.

Hackney council's redevelopment of the Woodberry Down estate is a testament to social transformation. The former estate's grim tenement blocks provided part of the film set for the Warsaw ghetto in *Schindler's List*. It is now being demolished and rebuilt as a mid-rise, mixed-tenure community at nearly three times the previous density (5,550 new homes replacing the 1,981 former council flats). As well as the demolition of the estate and its replacement with entirely new and better housing, there is or will be three new public parks, shops, business premises, a new children's centre, an expanded primary school and a new secondary school academy—an entire new village. Of the first 862 homes completed, 421 are for social rent, 135 for shared ownership and 306 for sale: a mixed community and a true social transformation.

The redevelopment of the huge Thamesmead estate on the River Thames east of Greenwich, by the Peabody Trust in partnership with local councils, is an equally bold initiative. The eastern Crossrail terminus at Abbey Wood, due to open in 2018, will serve the estate and transform its development potential. The vast, bleak 1960s concrete Thamesmead estate formed the backdrop for Stanley Kubrick's chilling film *A Clockwork Orange*; it has changed all too little since the film was made in the early

1970s. Peabody plans an extra 10,000 homes on 100 acres of developable land, alongside regeneration of the existing housing stock and the enhancement of the large green spaces, waterways and lakes within Thamesmead.

Islington is also a model with the redevelopment of the Packington estate, a formerly notorious council estate between the Regent's Canal and the Essex Road. With the buildings facing imminent structural collapse and riddled with asbestos, Islington council transferred ownership of the estate seven years ago to the Hyde Group housing association, for them to undertake redevelopment including new homes for sale to pay for most of the redevelopment. The new development comprises 791 homes, an increase of a third on the previous estate. Of these, 463 are for social rent, 300 for outright sale and 28 for shared ownership. This is creating a strong, balanced “village,” reinforced by the design which restores streetscapes and opens the development to its affluent neighbourhood. All social renters who wished to be housed in the new development have been as of right. Extensive engagement with the tenants and the 40 beneficiaries of the right-to-buy scheme helped shape the redevelopment and build community support. Partly as a result, the development includes 135 homes of between three and six bedrooms—all for social rent—as well as 650 one- and two-bedroom homes.

It is bold state action—central and local government leading development in partnership with the private and voluntary sectors, not abdicating its responsibilities to them—which will resolve the housing crisis. With its vast ownership of land, and its powers to plan, develop and finance, government can get the job done, and it has no one else to blame for inaction. It's simple, really.

# Not enough houses—or builders

Brandon Lewis, housing minister, tells *Prospect* that Britain nearly ran out of bricks

JAY ELWES



“It doesn't matter how many houses we need to build, we need people physically to build them,” said Brandon Lewis, the Minister of State for Housing and Planning. “There is still a really big issue around human resources and we are working with BIS [the Department for Business, Innovation and Skills] and the industry to get more people to come into construction generally. There's a real challenge,” he said.

Lewis, 44, was made Housing Minister in 2014, at the end of the Coalition government, having held a more junior role in the same department. The Coalition's two main achievements in housing policy were the devolution of greater planning control to local authorities and the introduction of Help to Buy, a scheme under which the government paid part

of the deposits made by first-time buyers. Although the first was welcomed, reaction to the second was clouded by suggestions that the net effect was to inflate house prices further.

Britain's housing problem is increasingly acute. Successive governments have failed to build enough new homes, and Lewis's suggestion that builders are failing to find enough workers is a new

**“An inadequate supply of housing is causing enormous pressure in London and the South East”**

contribution to a debate that was noisy in the General Election campaign and now in the contest for London mayor—and in the public debate about immigration.

“Within the bigger scheme of things, immigration plays a part,” says Lewis, “but I wouldn't over emphasise it.” He accepts that the problem is partly due to the failure of governments to build more homes, but argues that the changing demographics of Britain are more important.

“We have a changing population,” he said. “Middle age is getting a lot longer, so there are people in their mid-seventies who would class themselves, physically, as middle-aged.” As a consequence, he said, “people are staying in their homes much longer,” rather than going into care homes, which has caused huge amounts of property equity to accrue to the over-65s. It also means that larger, family homes are less likely to come on to the market for sale.

Changing social attitudes are exacerbating the shortage, he said. “Fami-





An artist's impression of Owenstown, a new town of 3,000 homes planned for South Lanarkshire in Scotland. The local council rejected the plan in 2014

lies are splitting up. Whereas in the past a family would have a house, quite often now if parents split up [one house] they will need two houses."

The scramble for more homes has brought into question the future of the 14 Green Belts that surround cities including London, Bristol and Manchester, where development is tightly controlled.

"I don't see the Green Belt as too big an issue, for two reasons," said Lewis. "Local areas can assess their Green Belt and take a view on whether they want to change it," a comment suggesting that the government may be prepared to relax controls, although this would provoke

local uproar and is unpopular nationally. He puts more emphasis, though, on the "huge amount of brownfield land"—a much more popular solution. "We

### "The question is whether regional governments will resist housing development plans"

have been looking, in the Housing Bill, at changing some of the rules around brownfield, making it easier to develop." The Campaign to Protect Rural England estimates that 1.5m homes could be built

on brownfield sites.

"If we get housing supply right then house prices become more stable. But," he said "I don't think personally you'll ever change the fact that if you've got a city as international as London it is always going to have a property premium."

Part of the government's plan to encourage economic growth has been to devolve more power from Westminster, on the assumption that greater local control over decision making will bring stronger economic growth in Britain's cities than top-down decisions made in Whitehall. The question is whether regional governments will resist housing development plans where these generate local opposition.

"My experience is that local authorities are ambitious with their local areas. I appreciate that there are examples (of developments) from the very best to the not so good," he said, but this has not prevented a pickup in development. In the aftermath of the crash of 2008, he said, "there weren't enough people producing bricks and the raw materials you need to build houses." Last year, according to Lewis there was a record number of home approvals: 253,000 homes approved over a 12 month period, though not all of these will necessarily be built.

Lewis says that almost all councils have development plans, setting out the homes that they plan to build. "Areas that have not done that by 2017—we will make sure it happens for them because communities need that confidence and support of having a local plan." ■

**Jay Elwes is Deputy Editor of Prospect**

**Prospect**  
INVESTIGATES

## Key questions

Since the 1990s recovery, governments have acknowledged the problems of the UK housing market but despite repeated attempts, failed to solve them. In the coming months, *Prospect* will run articles and debates on this unsolved controversy in UK politics. The key questions include:

- How much housing will Britain need? What kind? Where?
- When does a premium price become a problem?
- How is this affected by interest rates? By house prices? By government initiatives such as Help to Buy and the Shared Ownership Scheme?
- Do we need incentives for people to downsize?
- What is the social and economic impact of high house prices?
- Should we intervene to improve equality between the generations? If so, how?
- Where is affordable housing needed?
- How should property taxes be reformed?

Read *Prospect's* in-depth analysis of Britain's housing problem at [www.prospectmagazine.co.uk](http://www.prospectmagazine.co.uk)





# Is the City worth it?

We should challenge claims about the value of the financial sector to Britain

JOHN KAY

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**T**here are good reasons to be sceptical about how much the financial sector contributes to Britain. It is an area in which Britain has competitive strengths, including language and time zone. Private profit without public benefit is a policy problem everywhere in finance, but a particularly acute British dilemma.

About 1.1m people work in finance and insurance in Britain. This is 3.7 per cent of the labour force, less than in the United States (4.7 per cent) but more than in France (3.1 per cent) and Germany (2.8 per cent).

Most people in finance do clerical tasks in bank branches, call centres and insurance offices. Four hundred thousand people work in “the City,” the area round the Bank of England that is headquarters to most British financial institutions. Of these, 150,000 work for financial institutions.

Around 200,000 people work in London’s finance sector outside the City itself, many in Canary Wharf or the hedge fund centre in Mayfair, and another 250,000 are employed in the south-east region. Edinburgh is Britain’s second financial centre; 85,000 people in Scotland work in finance.

English law is widely used in financial contracts, even for transactions that have no connection with the UK—the result of the flexibility of its common-law basis, the English language and the perceived impartiality of English courts. And then there are the employees of sandwich bars and the London Transport staff who enable city folk to get to work. A reasonable guess might be that

*John Kay is a writer and economist*





between 100,000 and 150,000 people in Britain are finance professionals who work in “the City,” and two to three times that number support them.

Around the time of the Second World War, a group of economists—notably Simon Kuznets, James Meade and Richard Stone—set out the principles for measuring the economic contribution of a commercial activity. We assess the car industry by its added value: the difference between the selling price of the car and the cost of the steel, rubber and other materials that went into it. That added value is the sum of the earnings of the people who build the car and the operating profit (before financing costs) of the business. We measure the value of a play by adding up what people pay for the tickets. These procedures may be crude, and mercenary, but they give a relatively objective answer.

But these methods don’t really work for finance. Few financial services are paid for in the direct way that cars and theatre tickets are paid for. The profits of finance businesses come largely from the difference between the rates at which they buy securities, or borrow money, and the rates at which they sell securities, or lend money. Interest costs, which are not deducted in computing the operating profits used in national accounts, are the principal costs that banks incur. Insurance companies make profits by taking premiums months or years before they pay claims and may lose money on underwriting while being profitable overall as a result of their investment income. The profits of the financial sector are partly a return to risk, and (as with accounting for risk in financial statements more generally) the adjustments necessary to reflect a true and fair view are complex and unsatisfactory. These difficulties mean that simple application of standard national accounts procedures gives nonsensical answers when applied to the financial sector.

**F**inancial services pose a special problem. Different approaches yield very different answers, and the appropriate treatment has been extensively discussed among national accounts statisticians for several decades. There is now international agreement on a common approach, based around a set of concepts known as FISIM—financial intermediation services indirectly measured. By unfortunate coincidence, Britain agreed to implement FISIM in 2008, just as the global financial crisis hit, and that crisis blew out of the water some of the assumptions on which FISIM was based. In a survey of the problems of measuring financial services output, analysts at the Bank of England have noted that the reported share of financial services in GDP reached its highest ever level—at around 9 per cent—in the fourth quarter of 2008 and the calendar year 2009, when the banking sector was in collapse and the problems of finance had thrown the UK economy into recession. Figures for the contribution of the finance sector to national income should be taken with a pinch of salt.

The best way to judge the value of finance to the economy is to start with questions: what is the finance sector doing for households and businesses, by facilitating payments, managing personal finances, allocating capital and controlling risk? However, it is very difficult to turn that qualitative assessment into the numbers needed to compare finance output with car output.

A harder figure is the export contribution. Net UK sales of financial services to the rest of the world in 2013 were £38bn, more than 2 per cent of GDP and equivalent to more than 10 per cent of British exports of manufactured goods. It is perhaps unnecessary to ask further questions about the value of an activity if we know

that people outside the UK are willing to pay for it. But this is hardly conclusive. Many people would hesitate to be shareholders in a world-leading manufacturer of snake oil, both for ethical reasons and perhaps from concern about the long-run viability of the business. And the international dimension raises a question that Robert Reich, the American political economist and Secretary of Labor under Bill Clinton, famously phrased as “Who is us?”

Britain is a global financial centre that attracts firms and talented individuals from around the world. Most financial business done in London is by firms that are not UK-resident, or which have parent companies that are not UK-resident. The activity of these companies is treated in the national accounts as productive activity undertaken in the UK and included in GVA (gross value added) and GDP (gross domestic product)—or would be if they were accurately measured, which for reasons explained above, they are not.

The profits of foreign-owned firms are not, however, included in gross national income (GNI), which is probably a better measure of the welfare derived from productive activity. GNI reports the incomes accruing to UK residents rather than the income generated in the UK, which is what determines GDP. GNI therefore recognises that there is no benefit to the UK from profits earned in London by Goldman Sachs or Deutsche Bank and repatriated to the home country of these companies (or to some other jurisdiction with a benign tax and regulatory regime).

These foreign companies, like their British-owned counterparts, are liable to UK corporation tax. But they do not pay much of it. Corporation tax paid by all banks (domestic and foreign) in the UK reached a peak of £7.3bn in 2006–7 but, as a result of the global financial crisis, this figure had fallen to £1.6bn in 2013–14. The combination of public anger directed at banks and the smallness of that tax figure has brought changes. Measures were announced in 2014 to restrict the ability of banks to use past corporation tax losses to diminish liabilities on future profits, and a “bank levy,” now 0.21 per cent of liabilities of banks operating in the UK, was introduced in 2011. The “bank levy” currently yields £2.2bn. All these numbers should be seen in the context of overall UK tax revenues of over £550bn.

The contribution of finance to the British economy is from pay rather than profits. Some people in finance are paid a lot, and a few are paid astronomical sums. Although finance accounts for less than 4 per cent of UK employment, it accounts for more than 7 per cent of UK income from employment. At Barclays, in 2013, there were around 530 “code staff” (a regulatory term for those with executive responsibilities), who were paid an average of £1.3m each. It is unlikely that many of these people would earn comparable sums in other activities, and this “economic rent” derived by well-paid employees is central to any measure of the economic significance of finance. The income tax and national insurance payable on their remuneration is substantial. The banking sector alone yielded £17.6bn in income tax in 2013–14, almost 12 per cent of total income tax revenue. Income tax on the pay of financiers, rather than tax on financial institutions, matters to the UK exchequer.

But Reich’s “Who is us?” question arises here too. Many City employees are not UK citizens. Their tax positions are complex, and demonstrate all the possible combinations of status that residence, ordinary residence and domicile, permit. Some pay full UK tax; others do not. Some go home for the weekend to Paris, or New York; others picnic in the parks or attend concerts. The presence of many highly educated foreigners helped make London ►

the most vibrantly cosmopolitan city in the world in 2014—possibly the most vibrantly cosmopolitan city that has ever existed. Yet a British citizen in those parks or auditoria, or on a Friday evening transatlantic flight or Eurostar train, must wonder—who is us? How, if at all, should the UK value the UK earnings of foreign firms and of individuals from around the world who are temporarily resident in London?

It is worth emphasising again that most people who work in banking, and in financial services generally, undertake relatively mundane clerical tasks and are not well paid. While 1,443 (in 2013) employees at Barclays earned more than £500,000 per annum, more than half the staff earned less than £25,000: it is likely that the best-paid 3,000 of the 150,000 staff at Barclays received more than half of total employee remuneration.

The unbalanced structure of pay raises wider policy questions. For three decades a high proportion of the ablest graduates in the country have been attracted by startlingly large salaries into activities of little value to business or society. Activities that did little to develop their skills, or intellectual capacity, except in the narrowest of areas. How might their lives, and Britain's economy and society, have differed if this financialisation had not occurred?

There are many people in high positions in financial services who plainly relish their roles and would want to continue such work even if they were paid much less. For Warren Buffett, the multi-billionaire investor, happiness is “tap dancing to work every day,” and he still does it at the age of 84. But Buffett is, as so often, the exception.

If you talk to very well-paid barristers, or doctors, or actors, or footballers, you find that mostly, like Buffett, they love their jobs and recognise the double good fortune of a wonderful job and a massive financial reward. But less so in finance, where many people derive little intrinsic satisfaction from their work, do not undertake it for any reason other than the money and look forward to having accumulated enough to retire from the City. Although many find that the amount they perceive themselves as needing

to be able to retire comfortably grows as rapidly as the amounts they have accumulated. What might these individuals have done if they had not been offered the prospect of huge rewards? Built businesses? Made scientific discoveries? Written poetry?

The most casual pub conversation reveals a popular resentment of the high pay of bankers that is not applied to the earnings of—say, Wayne Rooney or Bill Gates. This is hardly surprising: Rooney and Gates are people of exceptional talent, and it is obvious what they contribute to society. The resentment of earnings in finance is stoked by a well-founded combination of doubts about its utility, and a recognition that the global financial crisis revealed that many people in the finance sector were not, even within their own frame of reference, very good at their jobs.

All inequality is to some degree socially corrosive, but inequality which seems unconnected to deserts is particularly corrosive. The most disturbing downside of the global success of the City of London is the corrupting effect on society at large of a depreciation of ordinary morality and human values. The ethical standards associated with parts of the finance sector have been deplorable. Read the email exchanges among those responsible for fraudulent interest rate submissions, or the observations of the Lloyds Bank employees who falsified returns in order to attract more money from the government's bail-out scheme for the bank. What were these people thinking?

The abuse of sex, alcohol and drugs by young people who suddenly found themselves in possession of too much money, the attractiveness of London to oligarchs and corrupt foreign politicians who buy mansions with money stolen from their domestic populations: British society cannot be proud of these things. Yet many of the same things might have been said—were said—of ancient Athens and Rome or Renaissance Florence or Venice. There is a price—perhaps a high price—to be paid for being at the centre of the world.

*This extract is taken from John Kay's new book “Other People's Money,” reviewed below*

## A radical prescription

We need change that benefits consumers

ANDREW HALDANE

First, a disclaimer—I think John Kay is a quite brilliant economist, thinker and writer. As these three attributes are not always complementary, he is the rarest of breeds. That means I am probably incapable of writing a genuinely critical review of a John Kay book.

Fortunately, in this case there is no need to do so. His new book, *Other People's Money*, is about as good a demonstration of Kay's skills (as economist, thinker and writer) as you are likely to find. Where others have jumped in feet-first, Kay provides a head-first diagnosis of what contribution finance makes to wider society.

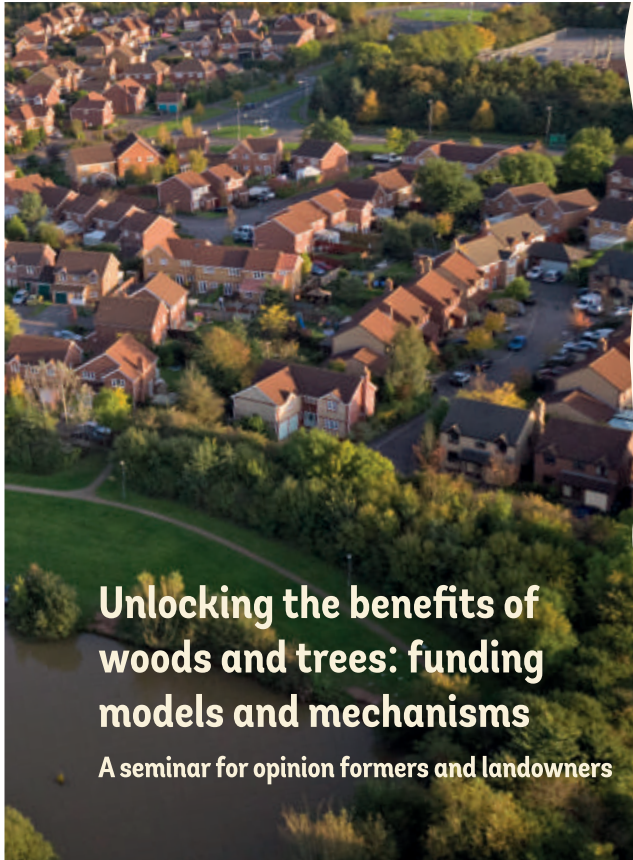
The core of Kay's argument is simply put. Finance plays a crucial role in supporting the economy and wider society, along at least four dimensions: in facilitating payments between people, in matching end-borrowers and end-investors, in managing risks to one's health and wealth and in managing money across generations. And historically at least, these are precisely the roles the financial sector has played. That is why, through the ages, it has been accepted (if not always especially liked) as a trusted servant of society.

But the past few decades have seen a sea-change in the functioning, and hence perception, of the financial sector. Latterly, that sea-change has at times risked flooding the entire economic and social waterfront. In a nutshell, finance has moved away from serving the economy and towards serving itself—and indeed remunerating itself. The financial services industry, Kay argues, has moved from servant of society to Master of the Universe. ►

Andrew Haldane is the Chief Economist of the Bank of England







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WOODLAND  
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**Chaired by:** **Adam Shaw**, business journalist and Woodland Trust ambassador

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To register your interest in attending please contact Sarah Gibson

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Thus the simple financial products of yesteryear, tailored to customers' needs, have given way to complex chains of transactions understood by few and ripe for rent-extraction. The sober-suited retail bank manager straight out of secondary school has given way to the sharp-suited investment banker straight out of business school. The cult of liquidity has usurped the ethos of long-termism. Manufacturing of transactions has displaced cultivation of relationships.

Even if this is something of a caricature, it is not an entirely inaccurate one. And this evolution, Kay observes, has not been benign in its consequences. It helped sow the seeds of the global financial crisis and the subsequent sequence of market abuse and mis-selling cases. These problems were rooted in excessive risk-taking, compensation and complexity. They were aided and abetted by inadequate risk-management and a diminished sense of fiduciary responsibility to customers and investors.

This structure for finance has also generated, Kay argues, an excess supply of financial products which benefit those inside finance and an inadequate supply of financial products which benefit those outside finance. Examples of the former include market liquidity and complex structured and derivative instruments. Examples of the latter include quick and efficient payment systems and simple and transparent pension products.

Of course, all industries are prone to blow-ups and abuse to some degree. But Kay argues, convincingly to my mind, that finance may have become particularly prone. At its core, financial intermediation is an information business. It involves knowing who best to connect to whom, which investment projects are worth supporting and which rejecting, and which instruments best manage the risks of retirement or floods.

This is information those inside finance possess and those outside finance do not. That places those working in finance in a position of considerable responsibility and power. But it also opens the door to potential abuse of this power—if you like, preying on the informationally disadvantaged through risk-taking and rent-seeking. And it is why trust in those operating in financial services is crucial to its effective functioning. If you like, it is the trust of society which gives finance licence to operate.

If the financial sector has not yet had its social licence withdrawn, then it has been clocking up penalty points at a rate of knots over the past few years. Trust in finance, according to surveys of various kinds, put it right at the bottom of the industry league table. In an industry for which trust is everything, finance starts with a reputational endowment of next to nothing. That begs the obvious question of what might be done, reform-wise, to reinvent finance as a trustworthy servant.

It is perhaps here—the prescription rather than the diagnosis—that Kay is at his most radical. He is sceptical about the regulatory path taken since the crisis, with additional layers of regulation. That is in part because he believes it may make a bad situation (an over-complex financial system) worse. More fundamentally, however, it is because he believes it is unlikely to work in restoring the cultural values to which finance needs to return. In short, you cannot legislate for trust.

Fines for market abuse or mis-selling are a case in point. These have risen dramatically in scale and prominence over recent years. They have been used to sanction, shame and censure financial firms and individuals. The question is whether they have fundamentally altered behaviour of firms and individuals. Only time will tell. But there is at least some risk financial penalties come to

be seen simply as a cost of doing financial services business. If so then, as Michael Sandel has argued, they are potentially counter-productive by effectively putting a price on, and hence legitimising, bad behaviour.

For some of the same reasons, Kay is also sceptical about the value of transparency, or the provision of greater information generally, in tackling the financial sector's culture problems. The need to provide large amounts of information to customers is, for Kay, a diagnostic on trust having been lost, not a means of restoring it. It also risks giving the least benefit to those who are the most informationally—and, typically, financially—disadvantaged.

Kay's own proposals are to act on the structure of the financial sector directly, thereby reshaping incentives at source. This would mean, for example, separating retail from investment banking activities: rather than cross-dressing, the sober and the sharp suits should be kept in separate wardrobes. This is a move that is now being effected in the UK and, to lesser extent, the US and Europe.

Kay is surely right in his diagnosis of the gradual dilution of standards and incentives within the financial sector, culminating in the financial catastrophe of the past few years. He is also right in pointing out that the trust problem in finance cannot be solved by regulation, legislation or exhortation alone. Behavioural change is needed. And to be self-sustaining, this behavioural change needs to come from within firms and within the sector.

That is why, in addition to regulatory reform, professional standards matter—hence the new Banking Standards Board and the new FICC Market Standards Board in the UK. That is why governance matters, as I have discussed recently in the context of supporting longer-term decision-making by both financial and non-financial firms. And it is why building the understanding and trust of the financial sector among the public matters, to maintain its social licence.

To those ends, later this year the Bank of England is hosting an Open Forum to assess the role financial markets play in supporting society. This will be an opportunity for open debate among those managing others people's money, those whose money is being managed and those whose job it is to align the two. It is recognition not only that change in the finance sector is an economic and moral imperative, but that change needs to be shaped by the needs of those outside rather than inside finance. **P**

### Other People's Money: Masters of the Universe or Servants of the People?

by John Kay (Profile Books, £16.99)







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# Open for business? Not yet

It will be years before Iran's economy feels the benefit of the nuclear deal

CHRISTOPHER DE BELLAIGUE

For the members of foreign trade delegations currently on prospecting missions to Iran, drowsy after a rich Iranian lunch and a bellyful of facts about the world's last big unexploited economy, I recommend a refreshing ride on the Tehran metro. The network is far from extensive, and everyone complains about the Chinese engineering (no, the Iranians don't like the pervasive influence of Cathay more than anyone else), but the air-conditioning works, classical airs trill pleasantly in the stations, and the division of trains into male and female carriages is regarded as a useful segregation—by the women at least. Down in the loam, furthermore, no one seems

crotchety or argumentative as they do above ground.

When the trains come, which isn't very often by western standards, the carriages are full, not just with passengers but also hawkers—dozens of them picking their way among the passengers, droning the virtues of toothbrushes, screwdrivers, mobile phone chargers and deodorants. In general these sellers are treated with indifference by their intended customers, who do not seem to be in a hurry to get to their destinations, but are absorbed in gaming or whatever is playing on their Samsung smartphones.

To ride the Tehran metro is to observe precisely the amalgam of apathy and potential that has determined Iranian government policy over the past couple of years, and which will bear down on the country's future.

For all the Iranian ministerial pronouncements that Iran is “open for business” following July's nuclear deal with the United States and other world powers, it isn't—not yet. It will probably be well into next year before Iran can claim to have complied with

**Christopher de Bellaigue** is the author of several books about Iran, including *“In the Rose Garden of the Martyrs: a Memoir of Iran”*







**A family takes a selfie on the Tabi'at Bridge overlooking Tehran, March**

its commitments with respect to reconfiguring and downgrading key parts of its nuclear industry, which many other governments have suspected, despite Iranian denials, was designed to put it within easy reach of nuclear weapons. After that, the International Atomic Energy Agency (IAEA), will need to give its seal of approval.

Only then will sanctions begin to be lifted. (The votes of 34 Democratic members of the US Senate by President Obama on 2nd September mean he now has a veto on opposition to the deal from the Republican-controlled Congress). The many layers of sanctions have built up over years—American ones since the 1979 Iranian revolution, and those from the United Nations and European Union from 2006 onwards, as Iran refused to comply with demands to curb its nuclear programme. Much of the wrangling over this deal was in the small print over which sanctions would be lifted and when—and whether they would “snap back” if Iran didn’t comply. The answer is that they will, but Iran has also reserved the right to ramp its uranium enrichment back up again if the west reneges on its side of the bargain.

The effects of sanction relief will be felt gradually, and American businesses will continue to suffer constraints in their dealings with Iran due to the continued application of older, non-nuclear sanctions. In the meantime, the government will be able to preserve its plan of mending Iran’s terribly damaged economy only by effective management of popular patience and expectations. The man on the Tehran metro—the underemployed professional

passing the time on a transport network that is operating woefully under capacity; the working class lad reduced to selling Chinese pap either because he has been laid off or drought has ruined the formerly well-watered and fertile village whence he comes—is the measure to watch.

There is a myth among the many who dislike the Islamic Republic that its decisions do not reflect the desires of the public. But the secret of the regime’s survival lies in its ability to act on those desires, albeit very conservatively. It was popular dissatisfaction with the country’s growing isolation and impoverishment that persuaded its Supreme Leader, Ayatollah Ali Khamenei, to clamp a clothes peg over his nose and accept severe restrictions to the country’s nuclear programme in return for the lifting of sanctions. Now, answering the same desperate plea for a livelihood from the Iranians who elected him in 2013, the instinctively reformist President Hassan Rouhani is trying to lay the ground for job creation in the short term and economic lift-off over the coming decade.

The country’s needs could hardly be more urgent. Every year between 800,000 and 900,000 young Iranians enter a labour market that can accommodate no more than a quarter of them. The World Bank has estimated that Iran needs to grow by at least 5.5 per cent annually and create a million jobs a year in order to reduce unemployment from its current level of around 16 per cent to a more manageable 10 per cent. It needs to do all this at a time when the prices of oil and other commodities on which the economy depends for export earnings have slumped—in part because of the hard landing in China, Iran’s biggest trade partner by far; and domestic demand has faltered.

Thanks to Rouhani’s fiscal and monetary prudence—along with the improved diplomatic atmosphere—inflation was brought down to 14.3 per cent in the first quarter of 2015 (from a whopping 42 per cent in the same period in 2013), and Iran’s currency, the rial, has stabilised. But these achievements do not hide the fact that the real economy is receiving hardly any new investment and that the banking system remains crippled by loans that were insisted upon by the previous government, led by President Mahmoud Ahmadinejad, and which will never be redeemed. The popularity of unregulated lending institutions offering ridiculously high rates of interest—essentially pyramid schemes—testifies to the reluctance of the Iranian investor to get anywhere near the real, productive economy.

The reaction among equity investors to July’s nuclear deal exemplified the scepticism that nowadays obtains in Iranian life. Some portfolio managers had forecast a 15 per cent bounce in the event of a successful outcome to the negotiations; in the event, the main index of the Tehran Stock Exchange dropped by 5 per cent. As one economist put it to me: “Our steel, cement and tiles are piling up. People have yet to see a single tangible benefit from all the diplomatic achievements.”

And yet the procession of European foreign ministers accompanied by business people—most recently Philip Hammond reopening the British Embassy four years after it was ransacked by regime hardliners—continues. The international conferences that are designed to showcase Iran as a destination for investment proliferate and grow. Despite its problems, Iran’s economy is expected to grow by 3 per cent this year, even as the country stands still, its oil stored offshore, some \$110bn in frozen assets stuck abroad, and the economy still not liberated from the silver-tongued middlemen and “service” providers who were ►



able in the conspiratorial atmosphere of sanctions to spirit billions of dollars out of the country.

A year from now, the majority of sanctions will be off, Iran will be selling oil to Europe once more, its companies will be able to send and receive money around the world, and its key industries will be legally investable. Only then will it be possible to gauge the credibility of those government assurances that a country which only two and a half years ago stood on the edge of economic and social implosion is set fair to become the economic powerhouse of west Asia—a country with Russia's resources, Turkey's entrepreneurship, and an élan all of its own.

Even if, as expected, the re-entry of Iranian oil into the market has the effect of further depressing prices, the country can expect an oil windfall of at least \$15bn in the first year after exports are resumed, as well as some \$29bn in immediately accessible unfrozen assets. Depending on the new oil and gas contracts that are currently being written, and which the international oil companies hope will offer more attractive terms than the service contracts they signed with Iran in the early 2000s, the oil and gas sector should experience a spurt of investment and productivity. If Iran is able to grow at 3 per cent now, cut off from the world, surely 5.5 per cent will not be beyond it when the playing field is even.

For many of the western money managers, company owners and deal-makers who have spent the past year and a half mugging up on Iran and its economy, the learning curve has been steep. One of the first misperceptions that people have had to shed is that Iran's economic future lies in oil. True, ever since 1914, when the British government took a majority stake in the Anglo-Persian Oil Company, Iran has been an oil producer of strategic importance, and controlling the resource has been one of the country's chief preoccupations. It has often had to do this in the face of western opposition; in the 1950s, a Prime Minister who dared nationalise the oil industry was ousted in a joint CIA/MI6 coup. But current Iranian fields are in decline, there has been little in the way of new field development, and it

will require an improbable combination of massive investment and efficiently channelled political will if production, currently running at around 3.3m barrels per day, is ever to reach its 1976 peak of double that—let alone approach current Saudi levels of 10.5m barrels a day.

Iran is not a swing producer like Saudi Arabia, calibrating its production to meet changes in world demand. Its ambition is to attract large amounts of foreign investment in order to slow the decline in its existing fields and to exploit new ones, clawing back the market share it has lost through sanctions while all the time developing a more resilient and dynamic non-oil economy. Mining will be important—Iran is thought to have major reserves of iron ore, gypsum, copper and gold, and the world's largest zinc deposits—but the government's priority is to reduce its vulnerability to commodity price fluctuations and raise margins by becoming an exporter of finished goods. The most promising sectors are cars, pharmaceuticals and petrochemicals, but there is a need for capital investment and technology. At its zenith, before the intensification of sanctions in 2011, Iran was producing 1.6m vehicles per annum, many of them under licence from Peugeot and Renault, and virtually all absorbed by an insatiable domestic market.

It's not all nuts and bolts. With a young and educated population—70 per cent of Iranians are under 35, and illiteracy among the young is virtually unknown—the country's internet and mobile penetration are among the highest in the Middle East, while internet start-ups have been happening apace and have attracted boutique investors from Europe. (The "Swift" financial messaging system remains sanctioned, and the banking system is off limits, so these pioneers have been transferring funds using money changers). Then there is tourism, which has been systematically neglected since the revolution, and which the Rouhani government wants to develop so it becomes a major source of foreign exchange.

The mantra among economic managers in Tehran is that the country has 15 neighbours, none of them enjoying Iran's natu-





Left, a worker prepares potatoes at Mash Donald's, one of many imitation foreign outlets in Iran; right, a woman drives past an advert for designer brand Bulgari in Tehran in July

ral and demographic advantages, and that investors should see it not as a national market but as the hub of a region of 300m consumers.

Of all the things that need to happen if this dream is to be realised, perhaps the most urgent is the efficient exploitation of Iran's natural gas reserves, which are probably the largest in the world. The uses of gas are many: maintaining reservoir pressure in the oil fields, heating the cities in winter, firing the power stations that the country needs in order to assure itself of electricity, fuelling cars using compressed natural gas, and feeding petrochemical plants. As the gas is Iran's, it can price it as it sees fit—cheaply—giving its industries an inbuilt advantage over non-gas producing nations.

But as a result of political tensions Iran is already late in becoming a major player in the gas market, with the US and its allies freezing it out of pipelines to the west, and sanctions starving the country of the investment and expertise needed to exploit the phases it owns of the gigantic South Pars field (shared with Qatar).

Rather than the likes of Shell, BP and Total—far less the coveted American majors—Iran has been obliged to collaborate in South Pars with Chinese companies, an experience that has sharpened doubts over the quality of their work and technology. Incompetence and corruption have slowed Iran's goals of becoming self-sufficient in gas—incredibly, it is a net importer—and of going on to supply Pakistan and other gas-poor neighbours. If there is one message that resonates through the offices of the National Iranian Gas Company in central Tehran, it is the desire to reduce the number of Chinese firms involved upstream and welcome the Europeans—and eventually, the Americans—in their stead.

In the lobby of the same building there is a poster emblazoned with the words of senior ayatollahs urging Iranians to cut down on waste. Recent subsidy reforms have led to higher domestic gas and electricity prices, but so far without much effect on Iran's lamentable patterns of consumption. For the well-to-do Iranian family it is considered fine to throw away vast amounts of food and no

domestic kitchen is considered fully operational unless the kettle is chugging away for any visitor who drops in. This blasé attitude towards natural resources is writ large across all areas of life (in 2013, for instance, more gas was used in Iran than in China). It has done nothing to mitigate an ecological catastrophe that could have a big effect on the country's economic future.

For the past 15 years, Iran has been suffering from a drought that is presumably linked to climate change and therefore will not turn out to be cyclical. I witnessed its effects on a recent trip to southern Iran, where I saw ribbon developments empty of young people because there was no longer any water to grow crops. While the digging of unauthorised wells has contributed to lowering the water table, more water still is lost to evaporation behind dams that Iran spent billions to build. The traditional Iranian water channel, or *qanat*, which modern orthodoxy dismisses as outmoded, runs underground for precisely this reason.

At least the current government, unlike the previous one, recognises the scale of the problem. In August the Minister of Energy disclosed that 8,000 hectares of pistachio plantation alone had dried up because of the drought, and went on: "The figures show that the crisis is growing year by year. If a solution is not sought out, not only will agriculture suffer but migration to the cities and outlying areas will also grow."

The consequences of the water crisis on the farming sector and urban infrastructure have not been quantified. I have also yet to see a proper estimate of what effect the drought will have on industry—it is no secret that almost all the processes upon which Iran hopes to build its new economy require large amounts of water, and logic suggests that as water becomes scarcer its price will go up. In August, I was told of an industrial unit in the south of the country that was no longer being supplied by a neighbouring well—it was dry—but from a reservoir 50km away. No feasibility study commissioned by a potential foreign investor in Iranian industry will be complete without addressing the subject of water.

**W**ill the foreigners come? From oil to vehicles and from power-generation to insurance, advertising and consumer goods, the expectation is that the western investor will find the virgin territory of Iran irresistible. No issue of the country's main financial newspaper, *Donya-ye Eqtesad*, or "Economics World," is complete without an official putting a vertiginous number to the investment required by his sector—\$100bn over three years into oil and gas, according to the official in charge of rewriting the new contracts; \$85bn into petrochemicals, in the estimation of the head of parliament's petrochemicals committee—and outlining measures such as the cutting of red tape and the improvement of contracts that will facilitate the rush.

Of course there is a lot of interest; there has been from the moment Rouhani came to power, promising to reintegrate Iran into the capitalist world. In July, at a conference in Vienna, the head of Iran's investment authority, Muhammad Khazaei, boasted that he had approved \$2bn worth of "mega-projects" with EU companies in the past two weeks, while outside the conference hall a senior petrochemicals official discussed gas liquefaction opportunities with an executive from the German technology company Linde. But later, a spokesman for Linde described these discus- ▶



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**Israeli flags are burned at a protest in Tehran, July 2014: “Iran’s opposition to Israel is not likely to change soon”**

sions only as “pre-business talks,” while a European oil executive I met said he was attending the conference in a strictly “unofficial” capacity. As for the Italian, French, German and Austrian companies that have been trooping into Tehran over the past few months—a roll call of blue chip Europeans, including Alstom, Daimler, Siemens and Eni—they seem for the most part to have contented themselves with sizing up partners or re-establishing older relationships (Siemens, for instance, has been in Iran on and off since the 1930s and began work on the country’s first nuclear reactor under the Shah). It will be some time before those “mega-projects” are sealed with meaningful contracts.

A pattern is emerging, one of caution. In August, one of Tehran’s top portfolio managers told me he had commitments for capital market investments from foreigners totalling around \$125m, but conceded that current investments were a lot less. Iran’s banking sector remains beyond the pale, with just a few foreign boutique banks exploring correspondent relationships. Parviz Aghili, the country’s premier private banker, does not expect the big European banks—“the Commerzbanks, the Deutsche Banks, the Standard Chartered”—to establish themselves in Iran for several years.

This stand-offish behaviour cannot be ascribed only to the fact that sanctions are still officially in force—and will remain so until what the diplomats are calling “Implementation Day,” probably in the first half of 2016, when the IAEA confirms that Iran has made the necessary adjustments to its nuclear facilities.

Independent of the various sanctions that have been enacted over the past few years by the EU, the UN and unilaterally by countries like Canada and Australia, investing in Iran is associated with a wider risk that few companies with international reputations are willing to entertain. There are good reasons for this. In recent years, foreign firms that have taken on Iranian business—even business that is not sanctioned in their own countries—have found themselves hammered under extra-territorial sanctions enacted in the US. In the most dramatic case, in July last year, the French bank BNP Paribas paid out \$9bn and was barred from US-dollar clearances after a US court found it guilty of transact-

ing with three hostile countries, including Iran, even though the transactions were legal under French and EU law.

This policy of punishing non-US companies that have done business with Iran is part of a long-standing strategy by the Office for Foreign Assets Control, or Ofac—the branch of the US Treasury that administers sanctions—aimed at reducing third party trade with Iran to negligible levels. This strategy has been brilliantly successful; the strong arm of Ofac probably did more than anything else to bring Iran to the negotiating table. However, according to the July nuclear agreement, Ofac must change course after Implementation Day and must now do everything in its power to remove impediments to third party trade with Iran.

You can understand why the board at BNP Paribas and other big international companies might be sceptical about the proposed volte-face. Their attitude is very likely to be, “we’ll believe it when we see it.”

Another complication concerns the US’s unilateral sanctions against Iran—and the survival of most of them beyond Implementation Day. Nuclear-related sanctions will be suspended or struck down, but most of the laws prohibiting business contacts between the two countries predate the nuclear issue, and relate to Iran’s alleged human rights violations and support for terrorism. These will stay on the statute book, establishing an imbalance between a Europe that is free to transact with Iran and the US, which is prevented from doing so (except in a few exempted sectors such as commercial aircraft). To all intents and purposes the US trade embargo will remain.

If you take into account China’s problems, turmoil in the Middle East and uncertainty over the terms of Iran’s new oil and gas contracts (which the government has repeatedly delayed unveiling), the most likely scenario for the Iranian economy is a slow, somewhat unspectacular opening to the world, with Europe going



# The golden age of sanctions?

Bronwen Maddox



The Iran nuclear deal is significant because, despite its many flaws, it is the best recent case of sanctions causing a government to change course. It was the result of new ways of shutting a country out of the global financial system that became possible after 9/11, when banks and companies became keen to avoid dealing with terrorists. When layers of sanctions from the US, United Nations and European Union overlapped, leaders of the regime and Iranian companies were frozen out of financial markets.

Before the past decade and a half, sanctions had a poor record of success—as academics have chronicled, and as Cuba shows. The US embargo

that began in 1960, in response to the nationalisation of US-owned oil refineries without compensation, enabled Fidel Castro's regime to play the brave victim against the superpower bully and act as a focus for anti-US feeling in Latin America. President Obama's decision last year to lift the

## "Sanctions worked on Iran—but not on Cuba"

embargo was an admission of the futility of the instruments as well as a desire to repair relations. But the obstacles he still faces from a Republican-controlled Congress illustrate another lesson: in the US's case, it's often a mistake to embed sanctions in

law, which deprive the President of full freedom to lift them if the target government actually responds.

Some argue that sanctions did not work as well in the case of Iran as it might seem. The fall in the oil price, the result of the US's new ability in fracking, and Saudi Arabia's decision to maintain supplies to world markets, hurt worse, they say. That is true of Russia, where the oil price fall has done more damage than Western sanctions in the wake of the Crimea invasion. And those who say that "smart sanctions" don't hurt the people as much as the crude trade embargoes of old are deluding themselves; ordinary Iranians clearly suffered from the weakness of GDP and the lack of imports.

This may, too, be the high point of sanctions' success. Russia and China have been prompted by Iran's case to look at ways of getting around Western sanctions when they are deployed again.

in first and US businesses finding their voices and lobbying for the repeal of the Clinton-era sanctions. This could take time, though, and face much political opposition, as the vigour of Congress's (unsuccessful) attempts to derail the July agreement has shown.

Although a picture of hesitant integration might disappoint the would-be architects of Iran's new economy—and in Tehran there are plenty of apostles of Chinese rates of growth—it will not displease those Iranian leaders who regard economics as the servant of politics, and who would bend politics to the preservation of the revolution's soul. For these men, engagement with the west is a necessary evil in the interests of creating jobs and buffering the country against American hostility. It must not go too far. The most important of these pragmatic ideologues is, of course, the Supreme Leader himself. Lest anyone confuse his support for the diplomatic effort of the past two years with a desire for détente with the US, in August Khamenei once again denounced American designs in the Middle East, which, according to him, consist of trying to break Syria and Iraq into smaller, more biddable blocks. He also warned that the US would use the nuclear deal as a way of inserting itself into Iran, and promised that the Islamic Republic would not permit America to exert "economic, political and cultural influence" in the country, or to have a "political presence" there—code for a functioning US embassy.

The irony of the recent diplomatic breakthrough is that with significant parts of Iran's nuclear industry in mothballs for a decade at least, it is not through acquiring a bomb—or getting close to one—that the country will validate its claim to be the Middle East's natural superpower. This will only happen if Iran exerts itself to become the region's major producer and consumer, which is, after all, a not unrealistic goal. Ceramics and cement to Iraq; gas to Pakistan, Oman and Kuwait; cars to central Asia; tinned food to Afghanistan; oil and petrochemicals to all—one could easily mistake the export routes radiating outwards on the wall maps

of Tehran's companies for a rising sun.

Is Iran's foreign policy establishment prepared to subordinate the pure priorities of the revolution, which have included threatening Israel with destruction, to the grubby matrix of the win-win? Over the past two years of pressured diplomacy, Iran's beleaguered foreign ministry has at least taken back some prestige from the Revolutionary Guard and other hardline organs of the deep state, and no amount of anti-American rhetoric from Khamenei can hide the fact that between his diplomats, and those of the US and Europe, there now exists more respect and cordiality than at any time since the revolution.

Iran's opposition to Israel is unlikely to change soon, but it is possible to imagine it becoming less bellicose; likewise, belying its image of a sectarian troublemaker, Shia Iran has repeatedly offered to settle its differences with Sunni Saudi Arabia—offers that the US would do well to encourage its main Gulf ally to take up. There are signs, even, that the Revolutionary Guard is prepared to offload the strategic riches it picked up during the worst years of sanctions; in July, the Guard put its major asset, the nation's \$7.8bn telecommunications monopoly, up for sale.

Looking at the growing number of foreigners who are coming to Tehran these days, it seems remarkable that as recently as 2013 travelling to the Islamic Republic was a vaguely hazardous enterprise, whether for a journalist, a businessperson, or anyone who wanted to know more about the country. Distrust of the west was enshrined in state policy and thanks to the belligerence of many of Iran's leaders, and hawks in Israel and the US, war seemed more than likely. Now it looks as if there will be peace, and perhaps prosperity. There are worse ways to end a revolution. **P**

"US penalties are still a worry"—Josh Lowe talks to British businesses with their eye on Tehran. Read more at [www.prospectmagazine.co.uk](http://www.prospectmagazine.co.uk)





# Cut the Commons to 400 MPs

The provocative work of an Estonian professor shows why the House could be far smaller  
CHRIS HANRETTY

**T**he government has announced plans to cut the House of Commons down to 600 MPs from the present 650. Should this go ahead, the Commons would be at its smallest since 1796, when a 558-strong House sat without any members from Ireland.

Of course, that parliament was fitted for a much smaller country. The 1801 census showed the population of Great Britain to be 10.5m—less than a sixth of what it is now. Yet despite enormous growth in population, the size of the Commons has scarcely changed. For two centuries, it has ambled along in the 600s, sometimes shrinking, sometimes expanding, but only rarely making dramatic course corrections.

It's foolish to think that any part of the British constitution corresponds to a rational design. Yet in our decisions (and lack of decisions) about the size of the Commons, we seem to have elevated incrementalism to an art. Is it right to have even 600 representatives for more than 60m people—and if it is, does that mean it was wrong to have just over 600 for 10.5m (1801) or 20m (1861) or 40m (1951) people? Or is there no right answer, such that we can start picking numbers that just feel right?

I won't claim here that there is a single right answer to the question of how large the Commons should be. But the best answer I've seen suggests that the Commons is far larger than it needs to be, and that the government should go far further in cutting the number of MPs—down to about 400—and should slash the Lords to less than a tenth of its current size.

Surprisingly, that answer happens to come from one of the losing candidates in the 1992 Estonian presidential election. Rein Taagepera is an emeritus professor of political science at the University of California, Irvine. He has spent almost all of his academic career there, taking a break in the early 90s to return to Estonia. During that break, he stood in the first (and so far only) direct Estonian presidential election, winning just under a quarter of the vote. In 2008, Taagepera won the prestigious Johan Skytte Prize in political science (other winners include Francis Fukuyama and Robert Putnam).

Aged 82, he continues to publish. Last year he and his co-author Brian Gaines managed to get into a quarrel with one of British political science's more irascible proponents, Patrick Dunleavy, about how votes are shared between parties in an election.

At one point in their response, Taagepera and Gaines plot all the 46,262 ways in which five parties can split the vote. It's a mystifying, mesmeric plot, with patterns of party competition radiating outwards along the horizontal axis, cutting across one another. I can't remember seeing anything like it in the political science literature I've read. If anything, it resembles some of the figures used to illustrate particle-wave duality in physics.

That's unsurprising: Taagepera's training is in physics, rather than political science. After leaving Estonia during the Second World War, he moved to Canada, where he studied engineering physics; it was only after completing his PhD in solid-state physics at the University of Delaware that he began studying politics.

Taagepera's *déformation professionnelle* has liberated him, allowing him to approach the subject without some of the burdens born by the rest of us political scientists. It's sometimes said that other social sciences suffer from economics envy, and economics suffers from physics envy. That envy has led academic economists and political scientists to become, essentially, better statisticians. At first glance, that kind of statistics-heavy research can look similar to the kind that Taagepera does. In both, equations feature prominently. But to hear Taagepera tell it, these statisticians are in the grip of a fundamentally wrong-headed approach. They're in thrall to the wrong type of equation—the linear regression equation.

Understanding the term “linear regression equation” isn't that hard. Visualise a scatter-plot: a cloud of points, where the two axes might be measuring height and earnings, or gross domestic product (GDP) and defence spending. A linear regression equation is just the equation for the straight line that, in some sense, best fits that cloud of points.

Like any equation for a straight line, it's got an intercept and a slope. The slope tells us how much the line goes up for every one unit along. That's the same as saying how much defence spending goes up for every unit increase in GDP. The intercept tells us where the line crosses the y-axis. That's the same as the amount of defence spending when GDP is zero.

In this example, linear regression might not tell us anything that we couldn't get by “eye-balling” the scatter-plot. In two dimensions, it's easy for us to visualise the best-fitting line. But we don't need to restrict our analysis to just two dimensions, or two variables. We can work out the best fitting line through any number of dimensions. I can't show you the best-fitting line through a 26 dimensional data cloud—but it's no hardship for a computer to calculate it.

That means that it's always possible to add in another variable to a regression equation. Think that population explains defence







© REUTERS

spending? Stick it in the regression equation. Want to know how much it's also affected by a country's landmass? Into the equation with it!

Once each of these variables is included in the regression equation, they too will get their own number representing their slope. The "slope" in that dimension will tell you how much each extra unit of population affects defence spending, or each extra square kilometre of landmass. It doesn't matter that you can't visualise it—all that matters is working out the number that best fits the data. Regression equations like this are infinitely extensible. They've been developed to work with different types of variables—variables that only fall between certain limits, variables that fall into discrete categories and so on. They're the workhorse of the social sciences. So what's not to like?

Some years ago, Taagepera sent some colleagues in the social sciences a spreadsheet with four columns. He didn't explain where the data had come from, nor what it represented; he just asked them to build a statistical model which would predict the values

**Television footage shows politicians crowding into the House of Commons chamber during a vote: the UK has more MPs per head than many other countries**

of the variable in the first column.

Unfortunately for Taagepera's colleagues, they weren't being asked to discover a previously unknown relationship. They had been sent data which corresponded exactly to the universal law of gravitation. All of them flunked the test. They didn't fail for lack of sophistication. Some proposed some advanced statistical techniques to deal with the problem. But generally, their regression models had the same characteristic. Elbert Hubbard once quipped that history was just one damn thing after another. These regression models were the statistical equivalent. They featured one damned variable after another, with each variable having a constant, isolated, additive effect—and not the interdependent, multiplicative, nonlinear effect predicted by the universal law of gravitation. ▶

Taagepera's test wasn't unfair. It should have been possible to "recover" the universal law of gravitation using linear regression techniques. There are few things which can't be shoe-horned into a regression equation given enough work—but they're not idiomatic. It's as if Taagepera's colleagues were trying to speak English using the word order one would use when speaking German—it's an approximation to English, and might even give passable results, but it's far from pleasing to listen to. It doesn't obey the constraints and connections present in the language.

That lack of constraint is common to regression models—and not just when they're used to "discover" laws of physics. Regression equations will sometimes give answers for situations that don't make any sense (like a country with zero GDP)—or given situations that make sense they'll give nonsensical answers (like negative spending for very small values of GDP). They don't "know" about the logical foundations of the situation.

**W**hen Taagepera turned to thinking about the ideal size of a parliament, he started not by performing a regression analysis on real-world examples, but by considering the logical foundations. What are they? To find out, we'll have to engage in a thought experiment.

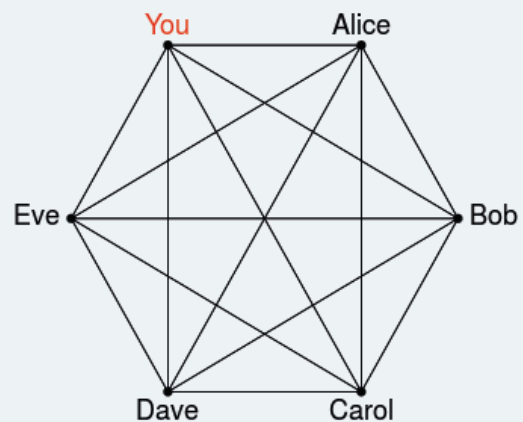
Imagine that you've been asked by your company to sit on a committee and report back to those working in your area. The committee is dealing with a rather fraught issue, so not only will you need to maintain good links with every other person on the committee, you'll need to keep a beady eye on their links with each other. The committee is small—apart from you, there are only five other individuals (Alice, Bob, Carol, Dave and Eve). You'll decide on behalf of all 216 employees of the company. The job's an oner-

ous one. If you just had to speak directly to each person in turn, it'd be simple: five other individuals, five channels of communication. But in addition to keeping track of what you say to Alice (and Bob, and Carol, and Dave, and Eve) and vice-versa, you have to keep track of what Alice says to Bob (and Carol, and Dave, and Eve), and what Bob says to Carol (and Dave, and Eve), and so on.

With six people on the committee, the total number of connections is 15. If you don't believe me, count the links in the diagram below. There's a formula which allows us to calculate the number of links between a committee with  $n$  members. To be really exact, we can calculate  $n(n-1)/2$ . For big numbers, we can get a good approximation by taking  $n^2/2$ .

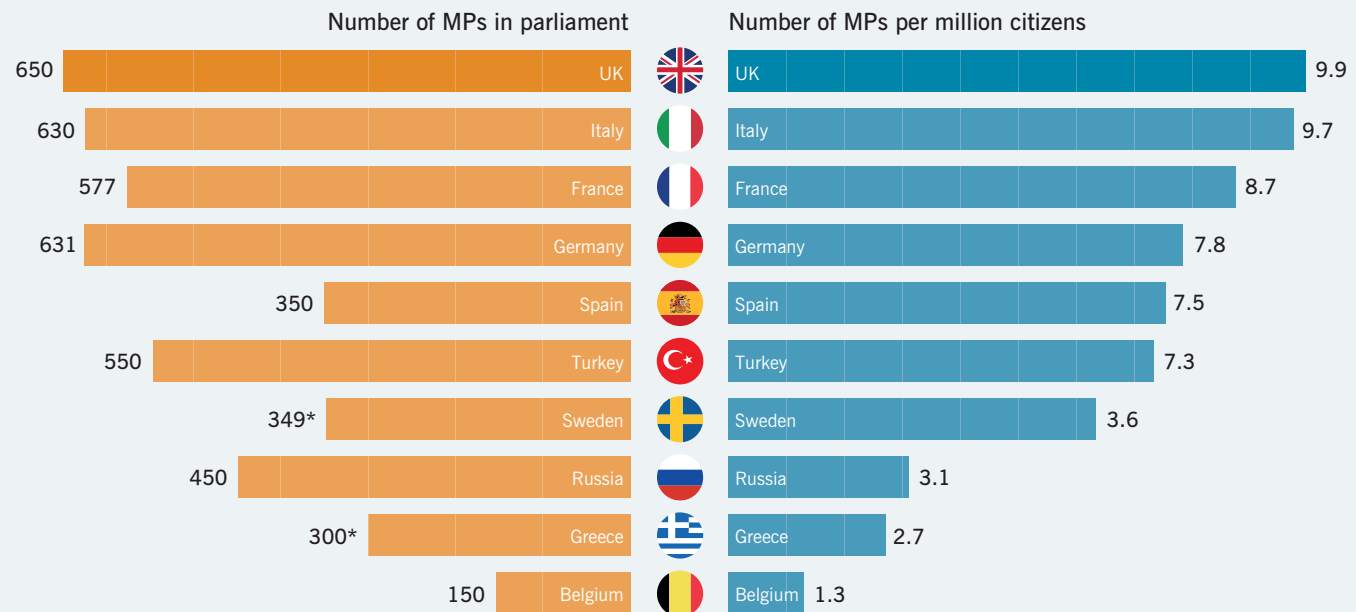
As the squared term in those equations suggests, the number of links between different members on the committee grows very quickly. If you were to add an extra colleague, the number of connections would jump from 15 to 21. Double the number of committee members, and the connections more than quadruple.

In some respects, it might be easier if the committee were smaller—if it were just you, Alice and Bob. But that's forgetting the second half of your responsibilities—reporting back to your ►



## Britain's oversized parliament

Below, how the size of the UK parliament compares; right, the 15 connections of a six-person committee





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colleagues. At the moment, all the committee members share the job of reporting back equally: so you speak to one-sixth of the company. That's 36 people, minus you, which makes for 35 people. If you were to shrink the committee to four, you'd have to go back and report to over 50 people. That would mean that the total number of conversations you had to have would actually go up slightly.

This means that you have to find the right balance: too large a committee, and you spend way too much time trying to eavesdrop on others' conversations; too small a committee, and you have to glad-hand every minion in the place once you've made your decision. But for companies of your size, the committee is always going to be relatively small: the cost of all that extra eavesdropping grows much faster than the cost of reporting back, so growth in the committee has to be kept in check.

This reasoning works for populations and parliaments just as well as it does for companies and committees. The total size of the parliament can't be too large, otherwise members would spend all of their time trying to monitor what they themselves were saying to each other. Nor can the parliament be too small, otherwise members would have to respond to thousands of constituents. So what is the "Goldilocks number"—not too big and not too small?

Taagepera showed in the 1970s that this number—which means that the number of channels within the parliament is equal to the number of channels to constituents—is equal to the cube root of the population. Miraculously, this elegant model stands up to ugly empirical reality. Tiny countries rarely end up with elephantine assemblies. The model predicts that Kiribati (population just north of 100,000, on a par with Bedford) should have a parliament with 46 members—not far from the actual number of 44. Spain, although it's 400 times more populous than Kiribati, is predicted to have a parliament of 347 seats, just seven-and-a-half times larger, and just three seats short of the actual number.

We can describe how well Taagepera's theoretical predictions fit actual assembly sizes with a common term of measurement used by social scientists called R-squared. An R-squared of 1 indicates a perfect fit, but values of 0.6 or greater are usually deemed acceptable. A recent paper calculated that the cube root law has an R-squared of almost 0.8—not bad for a model which works from only one piece of information.

**W**hat does that mean for the UK? You may already have whipped out your calculator, but with a total population of 64.6m, the UK should—if the cube root law is right—have a House of Commons with just 400 members. That is 250 fewer than we have now, and much fewer than the government is currently proposing. If it's any consolation, the UK has historically been an outlier to this rule, and is only now gradually coming closer to the pack as population grows.

This doesn't even begin to take into account the House of Lords—but Taagepera has ideas there too. In a 2003 paper with Steven Recchia, he suggested some limits for the size of upper chambers—at least those supposed to represent the regions. Such chambers couldn't be as large as the first chamber, or else there would be problems in maintaining the primacy of the first chamber. Nor could they be smaller than the number of regions, or else the chamber's claim to regional representation would ring hollow. Some kind of average of the two numbers would be helpful—but which average? Taagepera and Recchia suggested we use the geometric mean, which is calculated by multiplying the two numbers together and then taking their square root (instead of adding the two numbers together and then dividing by two, which would give



## Blueprint for Britain

*Prospect's* Blueprint for Britain series sets out to look at how Britain runs itself—and how, in the 21st century, it could do better. With expert writers and panels at our roundtable debates, we have looked at the UK's constitution, the prospects for devolution of power and money to regions and cities, and reform of the House of Lords. Download the Blueprint for Britain e-book at [www.prospectmagazine.co.uk](http://www.prospectmagazine.co.uk)

the arithmetic mean).

Suppose that the UK, in a fit of constitutional innovation, decided both to slim down the Commons and have an elected Senate of the Regions. There are nine regions in England. (Primarily statistical entities, they used to be called Government Operating Regions, but now they're just Regions). Add that to Scotland, Wales, and Northern Ireland, and you have 12 territorial units to represent. The geometric mean of 412 is a fraction under 70. Pleasingly, this would mean that the UK could move from having 1,410 representatives (650 in the Commons and about 760 in the Lords) to exactly one-third of this number: 400 in the Commons, plus 70 in the Senate.

I doubt that the government or the Conservative Party had Rein Taagepera in mind when they proposed a smaller Commons. A smaller Commons would need new constituency boundaries, and the Conservatives have long thought that redrawn boundaries would benefit them electorally. But the taint of possible partisan benefit shouldn't obscure the fact that the Commons is oversized: compared both to the predictions of Taagepera's model, and to other countries with similar populations. Germany, with a population of 80m, makes do with only 631 representatives in the Bundestag. France, with a population of 66m, finds 577 deputies to the National Assembly to be quite sufficient. Only Italy (with a population slightly smaller than the UK) has a similarly over-sized parliament.

I don't suggest that mathematical aesthetics should determine major issues of constitutional reform entirely—but it's a start. If neither theory nor the practice of other countries can justify the number of MPs, then do we really need so many? **■**



"So we'll attack on two fronts: Facebook and Twitter"





## We grow all the mulberries we can but there's just never enough

Mulberry trees are rare because they take around 25 years to bear fruit and we only have twelve here at Tiptree, some of which are over 120 years old. We don't know how much it actually costs to make a single jar of

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The preserve of good taste

# Allergic to power

Germany looks strong only because other European countries are so weak

JOSEF JOFFE

**On 19th August, the German parliament approved the latest bailout of Greece by the European Stability Mechanism. Chancellor Angela Merkel had been able to contain public protests and a rebellion by members of her own party. But although Greece and many other eurozone countries see Germany as the cruel disciplinarian, enforcing austerity, the truth is it has little power to extract reform—and never did. Its vast assets don't translate into power—and it doesn't want that power, either.**

It is bailout number three for Greece. The fourth will follow unless Europe—make that Germany—forgives half or more of Athens's unpayable debt. Forgiveness from Germany, that cruel disciplinarian? Of course. Berlin will agree to the inevitable “haircut,” as it has yielded on the three rescues totalling €300bn, which raises a delicious paradox. Whatever Chancellor Angela Merkel's oracular pronouncements or the acerbic asides from her Finance Minister Wolfgang Schäuble, *Deutschland* always acts as the good “Euro-payer.” Yet goodness does no good. Berlin remains Europe's ogre, hounded by the Anglo-American keepers of the Keynesian seal and trashed by the chattering classes from the Bay of Biscay to the Aegean.

Go figure. Among the *hoi polloi*, as a BBC poll in 2014 found out, the Germans are the world's best-liked people. Among their betters, by contrast, Germany is the new America, the country they love to hate. For power does not breed love, and both are number one in their bailiwicks—Berlin in Europe, Washington in the world. Both are cast as princes of darkness, as bastions of might and malice. If they do right, it is for ulterior motives. If they throw their weight around, it is proof of irreducible hauteur. In Europe, anti-Germanism is now the younger brother of anti-Americanism.

Power does bite, but there is often less of it than meets the fearful eye. This truth should serve as the subtitle of “The Money War,” the unending drama over Europe's common currency. Ever since 2010, when Greece had to be dragged from default for the first time, *Geldkrieg* has replaced *Weltkrieg*. By now, the feud has lasted longer than the First World War. And like the Great War, the battle over the euro is a tale of great expectations and not so great power, especially on the part of Germany.

“Weighed and found wanting” is as counter-intuitive as it can get. Isn't Germany Europe's hegemon once again? To crack

the puzzle, a historical flashback is in order. The fuse was lit a generation ago, long before the clash of 2010. Three decades before it traded the mark for the euro, the Berlin republic had a good thing going. This was an informal Deutsche Mark bloc corraling the Benelux countries, the Scandinavians, Austria and Switzerland. It was primacy without responsibility, and nice for three reasons. With its currencies tied to the mark, this northern, mainly Protestant tier softened the relentless revaluation pressure bedeviling the almighty Deutsche Mark, its value doubling against the dollar by the mid-1970s. As the mark climbed, the other currencies rose in tandem, keeping bloc parties in line. Second, this kind of *cordon sanitaire* delivered a much better fit for the German economy than the current eurozone or “euro-19”. Compared to “Club Med,” the southern tier, it boasted competitive economies, efficient administrations and political cultures more attuned to Teutonic financial rigour.

The best part was this: the Germans could reap the advantages of monetary union without having to pay the costs of maintaining it, as they do in the endless horror story of Athens' insolvency. The burden of adjustment fell on Berlin's monetary satellites. Germany was the lead engine, the others chugged along.

Enter the euro. Real monetary union would soon prove that the gods punish those whose wishes they fulfil. Why didn't Berlin leave well alone, instead of going for the real thing that saddled them with a “suboptimal currency area”—a bunch of wildly diverging economies unable to live under a one-size-fits-all monetary regime?

Many observers explained back then that the euro was actually a political currency: Germany's gift to its neighbours, France above all, in order to compensate them for the sudden accretion of German power after reunification in 1990. The nation was now whole again, its security dependence on the west dwindling along with the Soviet occupation armies east of the Elbe River, whence the last soldier departed in 1994. The old order was gone. Now, Germany's clout would finally match its size and economy, both the biggest in Europe.

There is some truth to this account, but the decisive point was to cobble together a Deutsche Mark bloc writ large. The logic was simple. Two-thirds of Germany's exports, its traditional growth engine, went into the European Union. A single currency would put paid to the devaluation games played by France, Italy et al, and presto, German exports would no longer suffer from routinely cheapened francs and lire. What's more, the pressure from a cheapening dollar would be diffused across the entire eurozone, not just Berlin's informal Deutsche Mark bloc.

That was the textbook logic. In practice, the Germans knew full well that “Club Med”—France, Italy, Portugal, Spain and Greece—were not ready, and jaundiced economists warned they never would be: too much statism, too many vested interests

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© EPA/PAUL ZINKEN

and rent-seeking groups, not enough political capital to change ancient social contracts.

Step two in the “Germanisation” of Europe’s money was the imposition of “convergence criteria” that were to rule in the run-up. To establish their clubbability, would-be members had to prove their virtue by cutting inflation, maintaining exchange-rate stability and limiting the public debt. The next step demanded by the German Finance Ministry, was the Stability and Growth Pact prescribing fiscal probity for all time.

Yet even the best laid plans can go awry—the Germans could crack the whip, but not win the race. They had mis-measured their power. And the euro made it worse—that is the ultimate irony. In the run-up, “Club Med” and Ireland did swallow the nasty medicine ordered by Herr Doktor. But once they were in, virtue begat vice. Now Italians could still splurge like Italians, but borrow like Germans. The “PIIGS,” as Portugal, Italy, Ireland, Greece and Spain used to be called, no longer had to pay a devaluation premium for francs, lire or drachmas. Denominated in solid-gold euros, bond yields plummeted across euro-land. The PIIGS could suck in hundreds of billions at rates just a bit above Germany’s.

A first-year economics student could have predicted what followed. Government spending soared, private borrowing exploded, real-estate bubbles built up—until they burst in the financial crash of 2008. This is where we are, with Merkel and Schäuble in the stocks, pelted by each and all. We need not regurgitate the accompanying epithets, ranging from “Fourth Reich” to “crimes against humanity,” “arrogance” and “imperi-

**Wearing masks depicting German politicians, protestors in Berlin in August demonstrate their opposition to the third bailout package from the Bundestag for Greece**

alism,” with Merkel in Nazi uniform thrown in.

If this “Fourth Reich” really had the power ascribed to it, it would have prevailed, teaching the profligates to reform their uncompetitive economies and practise the discipline they pledged when they joined. It would have imposed real “austerity” on the rest, the bugaboo of Keynesians from the *New York* to the *Financial Times*. In fact, the crisis countries are running deficits ranging from three to six per cent even now. A truly hegemonic Berlin would have enforced the Maastricht Treaties that prohibit bail-outs. It would have reined in Mario Draghi, the chief of the European Central Bank (ECB), who defied the ECB’s modest mandate, turning it into a European Fed, an unstoppable money machine pumping liquidity by the trillions.

Instead, the Merkel government left Jens Weidmann, the German martinet on the ECB board, twisting in the wind. It signed on to three Greek bail-outs, the last one in August with an overwhelming parliamentary majority of 75 per cent. This is not how real hegemony behaves: protesting and then surrendering. Germany’s diffidence in the euro debacle widens the puzzle. Here is a country blessed with Europe’s largest population, the world’s fourth-largest GDP and a towering strategic position in the heart of Europe. It is universally touted as a giant among nations. So why does Germany keep punching below its weight?

The old cliché about Germany as economic giant and political ►

dwarf is still apropos, though the dwarf has added a lot of size and muscle since the end of the Cold War. Divided no more, the nation has regained full sovereignty while shedding its strategic dependence on the United States, France and Britain. Why defer to them when Soviet shock divisions were no longer at the gates of Hamburg?

Certainly, the rest of the world now looks up to this “dwarf” sitting at the head table of the great powers. A key player in the Ukrainian crisis, Germany upholds the sanctions regime against Vladimir Putin’s Russia. For decades, the Federal Republic had played Prince Phillip to France, always walking a few steps behind; now the consort is the king in the Franco-German “marriage.” Though Berlin is not a permanent member of the United Nations Security Council, it has been ennobled as a member of the “P5 plus 1,” the five nuclear powers plus Germany, that negotiated the nuclear deal with Iran. So why the gap between reputation and reality?

## “It is universally touted as giant among the nations. So why does Germany keep punching below its weight?”

First, Europe’s current power map may produce an optical illusion. Germany looks so strong because the others are so weak. France and Italy are stagnating, unable to reform their ossified markets and anti-competitive labour laws. Economists know what necessity demands. If you can no longer devalue externally, as “Club Med” did endlessly before the euro, you must do so internally by lowering government expenditures as well as wages—or invest massively to raise productivity. Yet unit labour costs, soaring in the lavish pre-2008 euro days, keep rising, as in France and are rising again in Italy. President François Hollande and Prime Minister Matteo Renzi simply cannot muster the strength to wean their nations from living beyond their means. Nor can they take on strategically placed groups that turn privilege into profit.

Spain shows modest growth, but it tends to look to Latin America rather than Europe. Britain is the odd man out, growing at a nice clip. As far as Europe is concerned, its position is one of not-so-splendid isolation. David Cameron has half risen from the European gaming table. The UK wants to cash in its chips, going one better than Margaret Thatcher by demanding not only its “money back,” but also its sovereign prerogatives. Curiously, Britain does not seem to mind that it is once more sitting at the edge of Europe. So that leaves Germany looming over the table.

Former United States Secretary of State Henry Kissinger famously asked: “Who do I call if I want to speak to Europe?” This quote is apocryphal, denied by Kissinger as well as his close associates, but if it isn’t true, it is well invented. A few years ago, Catherine Ashton, then the EU’s foreign affairs representative, quipped: “Yes, Europe does have a number. It is mine. When you dial it, you hear a computer. Press one for Germany, two for France, three for Britain...” Today, the Americans, Russians and Chinese call Berlin.

Berlin will pick up, jot down copious notes and then promise to call back. Why doesn’t it just grab the lead, as so many European capitals are pleading? Or at least pretend to do so. Three reasons.

First, after decades of “punching below its weight,” to reverse Margaret Thatcher’s dictum about Britain, Germany

does not have the foreign policy apparatus that comes with great power. US President Barack Obama has a national security council staff approaching 300, Merkel has a couple of hand-fuls in the huge “washing machine,” as Berliners wisecrack, that serves as the Chancellor’s office. The Foreign Office is well-staffed, but, as elsewhere in the western world, foreign policy has been usurped by the centre, including Schäuble’s Treasury. German grand strategy has largely narrowed to money diplomacy.

Second, there is the consensus machinery that entraps the nation at the hub. Obama leaves it to innumerable inter-agency meetings to hash out compromises, but in the end, the buck stops at the Oval Office. In Europe, barely a week goes by without yet another EU conclave absorbing the time and energy of the executive.

During the latest Greek crisis, the Chancellor and her Finance Minister had practically moved to Brussels. There was a new Greek ruse every day, demanding tiresome consensus-building in the eurogroup, followed by yet another round with the Syriza government led by Alexis Tsipras. Yes, Germany, the biggest net-contributor to the EU kitty, is more equal than Estonia or Portugal, but its say-so is not fiat—not among the Euro-19, let alone the EU-28. When you think about Merkel, think about the emperor of the Holy Roman Empire and a few dozen kings and princes, not about the American president.

Think also about the huge numbers of refugees and illegal immigrants who have arrived in Europe this year. Most of them want to come to Germany, the country with the lowest unemployment, the most liberal asylum law and the most munificent welfare state. Germany expects 800,000 asylum seekers this year, half of the European total and the equivalent of 4.2m thronging into the US.

As a traditional nation-state, the US could, theoretically, stem the tide on its own. Not so Germany: it is in the middle of the Schengen area that has abolished border controls among some 30 countries, with Britain as a notable exception. Theoretically, asylum must be granted in the country of first entry. In practice, the Balkan countries send them west, Italy sends them north. Hungary is building a fence that will divert those seeking asylum to former Yugoslavia, thence to Austria and Germany. Equity suggests they should be distributed across the EU, but national egotisms shout “no!” Berlin is getting nowhere with its push for a European refugee law. So much for the idea that Merkel is mistress of Europe. This leads to the third and most profound reason why Germany’s vast assets do not translate into power.

To play the game played by Britain in the 18th and 19th centuries, a nation needs an imperial class as well as an imperial culture. Present-day Germany lacks both, however outsized it looks from abroad. Fifty years under the protective umbrella of American strategic power has transformed the political culture beyond recognition. To seek glory, let alone dominion, abroad is not the 21st century German way. Nor does the nation treat force as an integral tool of diplomacy. The current army has shrunk from 680,000 during the Cold War (West plus East Germany) to 180,000, and defence outlays have more than halved, from 3 per cent of GDP to 1.2 per cent.

Public opinion mirrors these numbers. Germans love the western alliance, with almost seven out of ten in favour. But they don’t want to fight for it, as a recent *Pew Research Center* study found out. Asked whether their country should use force in the event of a Russian attack on an alliance member, almost six out of ten





Germans said “no.” Meanwhile, Germans believe by a majority of seven to three that, *in extremis*, Uncle Sam will come to the aid of Germany. So it is pacifism plus free-riding. Why defend yourself if you can outsource security to the United States?

Germans did not fly along with their Nato allies in Libya in 2011, and Berlin abstained on a UN resolution tightening sanctions on the regime of Muammar Gaddafi. It is almost unimaginable, therefore, that German Typhoons will bomb Islamic State positions in Syria and Iraq. What about Germany’s “near abroad,” the EU? The three-quarters majority in the Bundestag for the third Greek bailout signals continuity in the face of mounting adversity. Germany has always paid more into the coffers of the EU than any other member—no free-riding here. Regardless of rising anti-euro resentment on the fringes, both left and right, most voters equate the common currency, and the EU as a whole, with the country’s best interests and so grant Merkel and Schäuble a free hand.

Theoretically, he who pays the piper should call the tune. Yet at every tipping point, Berlin has caved in, whatever the tough rhetoric it had used in the run-up. The explanation for this is two-fold. First, there is sheer self-interest on the part of Europe’s largest economy that has profited enormously from the single market. Those who have the cash and the interest always pay more for the collective enterprise—“public goods,” in economic parlance.

The second—psychological—reason why Germany doesn’t grab the power and run with it is the past. Seventy years and two generations after the defeat of the Third Reich, Germans remain allergic to power. It has become as aggressive as a sloth. The cultural transformation is as complete as it is enduring. And Merkel, now in her tenth year as Chancellor, is the perfect embodiment of this amazing conversion.

She runs foreign policy as she runs the country: tentatively, cautiously, judiciously and with an unfailing eye for moods and trends. The exception is the ruthlessness with which she deals

**Germany’s Chancellor Angela Merkel (CDU) attends a meeting of the Bundestag on 19th August to cast her vote on a third bailout package for Greece**

with her rivals in the Christian Democratic Party (CDU). None of them, men of ambition and weight, has escaped the axe. Merkel is the unchallenged leader of the pack and she will run again in 2017. She will trounce Germany’s feeble Social Democratic Party (SPD) and serve until 2021—five more years in office than Thatcher managed.

Those who recall Germany’s terrifying past need not worry about the unbound Gulliver in their midst. A Europe run by committee has lost 12 percentage points of global GDP since 1970. Even with Gulliver in the chair, a committee of 19 (the eurogroup) or 28 (the EU) cannot act with decisiveness. The problem is not that Germany has too much power, but that it has too little. **P**



*“Begging or stealing are better options than borrowing right now”*

# Pakistan has survived— now can it prosper?

The country has endured terrorism and political crises. To flourish, it may have to throw its lot in with China. But Britain can help

ANATOL LIEVEN

**T**he most important thing by far about Pakistan may seem so obvious as to be scarcely worth remarking. Yet it defies the predictions of several leading “experts” on Pakistan (both Pakistani and western) over the past four decades: Pakistan is still there.

In the Arab world, states have fallen in rows as a result of their own internal divisions, western invasion and a combination of the two. Afghanistan may well be going the same way. The supposedly most important and reliable allies of the United States are stagnant dictatorships. Meanwhile, in its own chaotic and deeply flawed way, Pakistan (and Pakistani democracy) continues to trundle on. The reasons for this are worth pondering—the factors that have made Pakistan resilient in the face of Islamist rebellion and recurrent economic and political crisis are often the flip side of those which are holding back the country’s socioeconomic development, possibly dooming it in the longer term.

In 2014, the population of Pakistan was 185.1m. By the middle of this century, the World Bank predicts that the population will have reached 350m (making it by then the fifth most populous country in the world). It has comparatively well-equipped armed forces comprising more than 500,000 men, and nearly 200 nuclear weapons. The collapse of a state of this size and importance would dwarf even the present disasters in the Middle East, and quite possibly destroy the international order.

The conclusions that we—or, much more importantly, the US—need to draw from this are twofold. First, while our ability to help Pakistan may be very limited, we should at least not make its position worse—even if Pakistani behaviour sometimes seems to invite a harsh response. Second, we cannot afford to ignore Pakistan, because if we do that, we risk, as after 9/11, being confronted by a crisis we cannot understand or deal with because we are ignorant of its background.

In Britain, we will need to think about the condition of Pakistan as long as both countries continue to exist. Because of the large and ever-growing Pakistani diaspora in Britain (1.2m and 2 per cent of the population according to the 2011 census, up from 747,000 or 1.4 per cent in 2001), we are intimately linked to Pakistan and developments there, in a way that we never were to Afghanistan. The high levels of intermarriage between Pakistani

families in Britain and their relatives in Pakistan mean that the closeness of this link is not diminishing over time.

Concerning neighbouring Afghanistan, the British establishment, like the west in general, is developing a remarkable capacity for amnesia—not surprisingly given the extent of Britain’s failure there, and the shameful ignorance and incompetence that contributed to this failure. As I found when visiting Kabul in June, many western news organisations have left the country. And most western officials have either left or else stay hidden in fortified compounds which they never leave and from which it is impossible either to understand or to influence developments in the country. These changes include, on the one hand, major gains by the Taliban in recent weeks and, on the other, acknowledgment of the death of their former leader Mullah Omar, which has led to serious splits within the Taliban. It is in Britain’s interests not to allow this to be the case in Pakistan.

Pakistan is a rare case where Britain’s desire to play an important role on the world stage both has some reality and serves a useful purpose. The closeness of Britain’s links to Pakistan allows it to play a valuable and independent role in influencing the relationship between the US and Pakistan, and indeed in recent years Washington has encouraged London to do so.

This may be especially important given the growth of Chinese influence in Pakistan, leading to the risk that the country will yet again be drawn into a new cold war in Asia, though this time on the opposite side from the US. Earlier this year, China signed an agreement with Pakistan promising \$46bn for the development of a corridor of transport and energy infrastructure (intended to link western China to the Indian Ocean and Persian Gulf)—some three times total US aid to Pakistan since 2001.

Tension between the US and Pakistan has diminished over the past couple of years: as American troops have withdrawn from Afghanistan, the number of them being killed by Taliban based in Pakistani territory has gone down. Washington has also come round, in principle, to the need for some form of peace settlement between the Kabul government and the Taliban, which has been Pakistan’s position from the start. The rise of Islamic State (IS) in the Middle East has both distracted the US from the Taliban and confronted it with a much more dangerous international threat. Under the leadership of Mullah Mansur, the Taliban are even seen by some observers as potential allies against IS, which has taken root in Afghanistan through its appeal to hardline Taliban military commanders who reject any idea of a compromise peace.

The improvement in US-Pakistani relations is welcome, but a great danger remains, perhaps the biggest danger facing Paki-

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Supporters of Imran Khan's PTI party protesting against the Pakistani government in Islamabad in September 2014

stan in the short term. This is that a major terrorist attack on American soil by a Pakistani-based terrorist group will drive the US to make demands of Pakistan (for example, extradition of Islamist militant leaders to India) that would split the army and bring much of the population behind the Islamists. Barring nuclear war with India, this is perhaps the only scenario that could destroy Pakistan in an afternoon. A deep awareness of this threat on the Pakistani side means that its intelligence services have worked closely with the CIA and British intelligence to identify and arrest Pakistanis from the diaspora who may be plotting terrorist attacks in the west. That does not mean, of course, that such attacks can be prevented forever.

Mass support for the Islamists in the circumstances of intolerable US demands just described would come not from conversion to their religious ideology, but from their appeal to outraged Pakistani nationalism. This force is ambiguous and often hard to understand, but at certain moments and in certain contexts it assumes great significance. Despite much hysterical commentary in the west and in Pakistan itself, there never was any real chance of Islamist militants seizing power on the strength of their ideology alone. Because that ideology is rooted in a highly specific and radical version of Sunni Islamic theology, it is rejected even by Pakistanis from other branches of Sunnism. Despite gains by the Pakistani Taliban in Punjab, outright rebellion since 9/11 has occurred overwhelmingly in the Pashtun areas of the country, and been closely linked to developments in Afghanistan. Even the mainstream Islamist religious parties, with their attachment to the broader Deobandi school of Sunni thought, have only very

rarely been able to gain more than 5 per cent of the vote in free elections. The prestige enjoyed by Lashkar-e-Taiba and its sister organisation Jamaat-ud-Dawa derives not from their Wahabi-linked religious theology, but their effective social work and their role in what is seen by most Pakistanis as a legitimate national struggle against India in Kashmir.

In Iraq too, Al-Qaeda and then IS were only able to make significant gains because the US and Britain first destroyed the Iraqi state and then empowered a Shia hegemony which was seen as a collective threat by much of the Sunni Arab population. Indeed, a very large part of IS's formidable military power and expertise is drawn from former officers and non-commissioned officers of the Ba'ath Iraqi army destroyed by the US—a force which in its day was secular, nationalist and anti-Islamist.

Just as Pakistan is too divided ethnically and religiously to support an effective state-building nationalism, so it is too divided to support an Islamist revolution. If, through an upsurge of outrage with the US and a split in the army, the Islamists did manage to seize control of Islamabad and overthrow the state, the result would not be the creation of a caliphate like that of IS, but the disintegration of Pakistan into a dozen or more local civil wars on a vastly larger scale than anything seen in, say, Lebanon or Libya.

The other key reason for the relative weakness of the Islamists in Pakistan is that compared to the ruthless secret police tyrannies in the Middle East, Pakistan has always been more democratic and weaker, even during periods of military dictatorship. It has also been ruled by relatively narrow military and civilian elites who, while often bitterly at odds with ▶

each other, have worked to defend their interests, and have not plumbed the depths of savagery seen in the Middle East, if only on the principle that dog does not eat dog.

While Pakistani democracy has only very rarely led to serious or sustained reform, it has at least provided a safety-valve for popular discontent. You may not be able to change the social and economic system and the next lot in government may not be much better, but at least you have the satisfaction of throwing the existing bunch of governing bastards out—and, crucially, getting rid of the government without destroying the entire state in the process. This safety valve has been wholly lacking in the Middle East. Not only has there been no electoral safety valve there, but in most cases the identity of government and state has been absolute.

Unlike in Iraq, Syria, Egypt or Libya, Islamist parties have been free to take part in elections ever since Pakistan was created, and have very often participated in government. In the process they have become just as compromised in the eyes of the popu-

## “While Pakistani democracy has only rarely led to serious reform, it has at least provided a safety-valve”

lation as most of the other parties, and have lost the glamour of persecution and exclusion which has done so much over the years to cement the Islamists' links to the poor and excluded sections of society elsewhere.

On the one hand, this has driven many of the younger and more militant followers of mainstream Islamist parties—the Jamaat Islami (JI) and Jamiat-Ulema-e-Islam (JUI)—into the arms of the Pakistani Taliban. At the same time, these mainstream parties' links to the establishment and their grip on electoral politics makes it much more difficult for the militants to emerge as a serious national force. In recent years, the mass protest vote in Pakistani elections has gone not to the Islamists but to Imran Khan's Pakistan Justice Party (PTI). While he has used anti-American Pakistani nationalism to appeal to some of the same constituency as the Islamists, Khan, the former national cricket star, does not in any way share their religious ideology.

The other crucial aspect of an electoral tradition, of course, is that it allows a change of government, even military government, without this involving the overthrow of the entire state apparatus, as has been the case in most of the Middle East. Several years before the Arab Spring, in 2007-08, the military government of General Pervez Musharraf fell in the face of popular protest. The government was replaced after elections held under the terms of the existing constitution. In trying to preserve his regime Musharraf used only a tiny fraction of the force employed by dictators in the Middle East.

At the same time, the menacing territorial gains made by the Pakistani Taliban and their allies in 2007-09 were possible only because of the regime change that took place during this period, and the inevitable loss of governmental authority that accompanied it. By the spring of 2009, awareness had grown in both the military and civilian leadership of the extent of the threat posed by the Pakistani Taliban. The result was a series of military offensives in subsequent years which deprived the Taliban of the bulk of the territory they used to control and drove many of them across the border into Afghanistan, where they have forged

an alliance with IS. The Taliban remain a very serious terrorist threat to Pakistan (and, albeit to a much lesser extent, to Britain and the US), but they are no longer a significant insurgent force, unlike their counterparts in Afghanistan, IS in Syria and Iraq and the Houthis in Yemen.

However, the state's counter-offensive against the Pakistani Taliban was hampered and delayed by three factors. The first of these has been extensively commented upon in the west, the second partially covered and the third largely ignored. The first was the unwillingness of the Pakistani military to extend the campaign to parts of Pakistan's Federally Administered Tribal Areas where the Afghan Taliban and their allies in the Haqqani network have bases. These have still tended to be seen by the Pakistani military as potential allies in a future Afghan civil war in which India would be on the other side. The second factor has been divisions between the military high command and the two civilian governments since 2008 (the first led by Asif Zardari of the Pakistan People's Party from 2008 to 2013 and the second by Nawaz Sharif of the Muslim League since 2013), with both sides frequently seeking to blame the other for failures in the struggle with the Pakistani Taliban.

The third, and most significant, factor has been the scepticism harboured by most of Pakistan's population towards the struggle against the Pakistani Taliban. Even after a succession of terrorist attacks targeting civilians as well as the military and police, a majority of the Pakistanis I interviewed continued to oppose operations against them on the grounds that the atrocities had not been carried out by the “real” Taliban, but by agents of India or the US.

Behind all this lies widespread public hostility to the US and to American behaviour in the Muslim world. The US and western presence in Afghanistan after 2001 was seen by most Pakistanis as a military occupation directly comparable to the previous Soviet one. This hostility is reflected in the belief, held by the overwhelming majority of Pakistanis in Pakistan and in the diaspora in Britain with whom I have spoken, that 9/11 was a CIA-Israeli plot. This hostility to the US does not incline most Pakistanis to support the Pakistani Taliban, but for a long while it did make them sympathetic to the Afghan Taliban. And the fact that the struggle against Islamic militancy at home has taken place in the wider context of the US's “war on terror” has greatly weakened mass support for it.

Over the past year or so, however, this picture has changed dramatically, and for the better. The victorious parties in the 2013 elections (Nawaz Sharif's Pakistan Muslim League at the centre and in Punjab, and Imran Khan's PTI in Khyber-Pakhtunkhwa, the Pashtun-inhabited province bordering Afghanistan, formerly known as North-West Frontier Province) were both elected on a platform of negotiating with the Pakistani Taliban. However, the peace process was eventually blocked by the army, who, as I described in a previous report of mine for *Prospect*, were determined to carry on the fight against the militants.

Any possibility of compromise with the Pakistani Taliban evaporated in December 2014 when they murdered 132 children at the Army Public School in Peshawar, the worst atrocity of its kind since the 2004 Beslan terrorist attack in the Russian North Caucasus. This led to an intensified and extremely ruthless military campaign against the remaining Pakistani Taliban areas, accompanied by intense pressure on the political parties and the Pakistani media to support the campaign. The massacre also





Commuters in Islamabad drive past a billboard welcoming Chinese President Xi Jinping to Pakistan in April

led to a wave of popular revulsion against the Pakistani Taliban. When I visited Peshawar in May, I found that public support for peace talks had dropped precipitously.

**T**he military has also attempted to restore basic order in Karachi, leading to howls of protest from the various ethnically-based parties in the city. And in recent months the government and military have begun to crack down on Sunni sectarian groups linked to the Pakistani Taliban who allegedly have backing from Saudi sources and have carried out repeated terrorist attacks on Pakistani Shia in recent years.

The struggle with the Pakistani Taliban, which to date has cost the lives of almost 6,300 soldiers and police and more than 20,000 civilians, has also led to a more limited but still significant shift in attitudes towards the Afghan Taliban, and to growing support for a limited peace settlement with that group. This change in Pakistani attitudes, and the appearance of IS in Afghanistan as a threat to the Taliban, offers for the first time real potential for a successful peace process with at least a significant part of the Taliban there.

In the short and medium term, therefore, the situation in Pakistan is considerably better than most western (and many Pakistani) commentators have assumed. But in the long term nothing can be guaranteed. This is because the defeat of insurgency and the restoration of basic order has not been accompanied by the kind of economic and social reform which is essential for progress and the stabilisation of the state in the long run.

Despite limited moves in certain areas, especially education, where Britain's Department for International Development has played a useful supporting role, the current Pakistan Muslim League—North (PMLN) government backing Nawaz Sharif has

been a disappointment. This is despite the party having extensive business support and a reasonably good record of management (unlike the Pakistan People's Party of the Bhutto-Zardari dynasty, whose key supporters have been “feudal” landowners). It turns out that the Punjabi business classes that support the PMLN are not really interested in radical reform, even of a pro-business kind.

In the first place, any such programme would have to involve forcing the elites—including businessmen—to pay some taxes to support energy and infrastructure development. Crucially, however, key business families have developed a cosy relationship of patronage and protection with successive Pakistani governments which limits their growth but protects them from competition. Imran Khan's PTI, for its part, has so far had a relatively good record of government in Khyber-Pakhtunkhwa, but it is questionable whether it can break the PMLN's stranglehold on Punjab and win power nationally.

It is also possible that the sheer scale of Chinese aid will kick-start the Pakistani economy, and that in return for this aid, China will insist on serious improvements in Pakistani governance. Chinese businesspeople I have spoken to have expressed distrust, bordering on contempt, for Pakistan as a place to invest. Such help as the Chinese offer in the future may come at a heavy price—geopolitical alignment with China and even the restoration of military rule (always favoured by Beijing) in Pakistan itself.

Without effective pressure from outside, however, it remains doubtful that the Pakistani ruling elites—civilian and military—will be able to ensure the kind of development that will secure the country's long-term future. Contrary to so many predictions, the Pakistani state has survived its travails of recent years—and that is a good thing, since the collapse of the Pakistani state would be a nightmare both for its own people and for the world. Whether that state can progress and prosper is a very different question. If any outside force is to play a crucial positive role in helping Pakistani development, it will be China. But Britain can and should also do its bit. **P**

# His greatest victory

Joseph Conrad's powerful novels anticipate the bloody political conflicts of the modern world

CLIVE JAMES

When Clive James was diagnosed with leukaemia in 2010, as he writes in the introduction to his new book *Latest Readings*, he “could hear the clock ticking.” He decided to dedicate the rest of his life to reading—and re-reading. “If you don’t know the exact moment when the lights will go out, you might as well read until they do.”

One of the authors he rediscovered was Joseph Conrad, whom he had first come across as a student in Sydney. He was struck by how in novels such as *Lord Jim*, *Nostromo* and *Victory*, Conrad showed how revolutionary idealism is at the root of terrorist violence. In the following three essays, taken from *Latest Readings*, James reflects on how Conrad anticipated the worst conflicts of the 20th century, including the Russian Revolution, and how his work can inform our response to the political extremism of today.

## Revisiting Conrad

Among the disadvantages of chronic obstructive pulmonary disease, which used to be called emphysema, is a susceptibility to chest infections. Despite one’s daily intake of antibiotics, different bacteria keep arriving from all directions, eager to squat. One day I was checking in at the hospital for a routine clinic, and my temperature was deemed to be too high for me to go home. I spent 10 days in the pulmonary ward, while the fever turned into pneumonia. A flood of intravenous antibiotics eventually got on top of it, but meanwhile the problem of boredom loomed. I staved it off by re-reading *Lord Jim*, a copy of which, along with the usual epics about swords and dragons, was on the library cart which a very sweet and obviously fulfilled senior female volunteer was wheeling around the wards. More than half a century ago *Lord Jim* had been one of the set novels for my first-year English class at Sydney University, and I remembered it as a boring book. I suppose I had a plan to stave off one kind of boredom with another, as a kind of inoculation.

On the strength of this long-delayed second reading, the book struck me as no more exciting than it had once seemed, but a lot more interesting. I had long known Conrad to be a great writer: on the strength of *Under Western Eyes* alone, he would have to be ranked high among those English writers—well, Polish writers resident in England—who, dealing with eastern Europe, analysed the struggle between the imbecility of autocracy and the imbecility of revolution. But on the strength of my earlier memories, I didn’t see *Lord Jim* as part of that international historical picture. Now, read-

ing a few pages at a time as I lay fitfully on a sweat-soaked sheet while my fever refused to break, I could see that I had been laughably wrong about Conrad’s most famous book for the whole of my reading life. An international historical picture is exactly what is exemplified.

But the picture, or viewpoint, is well guarded. In the first place, the story turns on a character study. Without Jim’s weakness, there would be no story at all. At the beginning of the narrative, in his role as an officer in the mercantile marine, he jumps off a sinking ship that turns out not to have been sinking. He never gets over this: which raises the question, as we read on, of whether we ourselves could go on functioning if we were unable to forget our ignoble moments. At the end of the narrative, in his role as the de facto monarch of the magic kingdom of Patusan, he ruins the lives of his consort and his people by failing to accept that the pack of renegades who have penetrated their little Paradise might have evil in mind. The book’s narrator, Marlow, puts Jim’s failings down to his romantic personality: his later life is “an expiation for his craving after more glamour than he could carry.” We, the enthralled readers, are at liberty to deduce that European politics have infected the whole world, even the parts of it that are not yet known: the renegades would not have come if Jim had not made Patusan just and prosperous.

Unfortunately, for us enthralled readers, the story is not quite enthralling enough. Marlow is telling it, and Marlow is a bore. He is Conrad’s sole tedious creation, because ordinarily Conrad can see the point of anything completely and at once, whereas Marlow feeds you information only a few drops at a time. Perhaps because I had an IV plugged into my arm, I couldn’t help thinking of the last chick in the clutch wasting away getting not quite enough food.

Marlow was a useful device if you thought the book’s revelations needed delaying, but his terrific ability for beating around the bush was bound to register as a tease play. I finished reading the book though, full of admiration for both Conrad and myself: him for his moral scope, me for my endurance. Perhaps to induce self-esteem in the reader had been one of the author’s aims. There are those who believe that Richard Wagner made Siegfried so wearisome because he wanted the audience to admire themselves.

Anyway, when I got home I reached for my old copy of *Nostromo*. Long ago, just after I had read *Lord Jim*, I had read *Nostromo* too, and been deeply impressed. There was, after all, no Marlow in it: the narrator’s voice came through unfiltered by an intervening cloth of tedium. But now, reading again, I wondered how I had coped with an English novel’s plentiful supply of Spanish words. How could I have been impressed, instead of puzzled and put off? Eventually, after more than 20 years of not being able to read any Spanish at all, I acquired enough to assess what I had been missing. Now, finally, when Conrad referred to the

Clive James is a novelist, poet and essayist. This article brings together three essays on Joseph Conrad from “*Latest Readings*” (Yale University Press, £12.99)







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Peter O'Toole as Lord Jim in the 1965 film adaptation of Joseph Conrad's novel

*capataz de cargadores*, I could tell for sure that he meant Nostromo. Also, I had learned a great deal more about politics. Years of reading in modern history had equipped me to understand retroactively the lethality of the historic events that Conrad seemed to know about in advance, so sensitive was he to the political forces that were already reshaping the world during his own lifetime. In my own lifetime, most of the reshaping actually got done, with a death count of many millions. It's clear now that Conrad had guessed what might happen. But when I first read *Nostromo* I was too young to have much of a clue even about what had already happened. So what had impressed me?

Undoubtedly it was the story, in the Hollywood sense, which means the scenario. The events are thrilling. Don Carlos Gould and his excellent wife build Sulaco into a kingdom with all the enchantment of Jim's Patusan, but Sulaco, on the page, is more actual in its workings. You can hear the ring of picks and hammers as the silver is torn from the mine. It's like *Das Rheingold* with the lights turned on. All the practical details of a foreign-owned capitalist enterprise are laid out, not just hinted at. Every supporting role is blazingly alive. They are all there: the corrupt dictator, the predecessor of so many Trujillos and Batistas; the local wiseacre who knows everything and understands nothing; and the beautiful girl with the book of poetry in her hand, all set, by her mere existence, to lead the previously feckless young intellectual editor fatally away from his usual protective cynicism. Idealism gets him killed. Above all, there is Nostromo (did I know, first time around,

that his Italianised nickname meant "our man"?), who has built such a reputation for competence and integrity that the gringo ruling class revere him, not for a moment suspecting that the man they trusted never to steal an ounce of silver would eventually steal a ton of it. He didn't suspect it either: but when the moment came, he overruled any loyalty except to himself.

And those themes are only the beginning of what is in *Nostromo*, which I can see now as one of the greatest books I have ever read. But I thought the same when I had read almost no serious books at all. Somewhere in that paradox lies the secret of a magic novel, and the secret of why the later novels of Henry James have never held me in a spell: in the opening chapters, their subtleties of style catch the attention of the experienced reader in me, but the inexperienced reader in me finds too little to draw him forward. If only Henry James had been to sea. But Edith Wharton's account of how he rambled on incomprehensibly when he got out of the car to ask directions tells us that any order he delivered on the bridge would have been so elaborately expressed that the ship would have hit something on the first day of the voyage.

## Under Western Eyes

Suddenly I am reading *Under Western Eyes* again. I had vowed not to re-read the whole of Conrad, but after a lifetime spent in the world that he presaged, I realise that I am at last ready for him. Much of the presaging is encapsulated in *Under Western Eyes*. ▶

In Switzerland before the First World War, before the tragedy in Europe, and before the chaos of the Russian Revolution, the Russians who gather in Geneva to enjoy democratic freedom—their part of the city is nicknamed *La Petite Russie*—are already carrying within them all the varieties of doom that will soon engulf their land of origin. The book gives us a preview of the terrors to come. Some of the characters, indeed, are outright terrorists; but the majority of the radicals on view have as yet seen little of the life of action, although they talk a lot of theory. And some of the characters will be victims one day, if they do not have the sense to stay away: they are members of the aristocracy and the bourgeoisie, and they tend to think that tsarist despotism is the worst thing that their homeland has to offer.

They are, in fact, idealists: and idealism is a cast of mind that Conrad questions even more than he questions radicalism. The logical end of radicalism, in his view, is terrorism; but idealism is the mental aberration that allows terrorism to be brought about. Conrad's originality was to see that a new tyranny could be generated by people who thought that their rebellion against the old tyranny was rational. Thus his writings seem prescient about what was to happen in the Soviet Union. He didn't predict the Nazi tyranny because he had underestimated the power of the irrational to organise itself into a state. But then, nobody predicted that except its perpetrators; and anyway, mere prediction was not his business. His business was the psychological analysis made possible by an acute historical awareness. *Under Western Eyes* is valuable not because it came true but because it rang true even at the time, only now we can better hear the deep, sad note.

The book's antihero, Razumov, is Lord Jim all over again; although this time Jim has started off, in Petersburg, by getting someone killed, and now, in Switzerland, must face the dilemma of having fallen in love with the victim's sister, and being unable to tell her. She is a wonderful character, Natalia Hardin: operationally attractive yet sensitive to the point of being saintly. But she is an idealist. In the end she will go home to Russia, in order to do good. Conrad published the book in 1911, when the Revolution was still six years in the future: but he got all the contending forces into the story, and the future along with them—the perfect girl, a living synthesis of everything praiseworthy and desirable, is heading for an appointment in which her superior qualities will not be forgiven. Or so we think; so history makes us think, after Conrad and the very few writers of comparable greatness have shown us what history is. The book takes a little too long to end, but a reader today should not miss the author's note at the start. Describing the unplumbably evil torturer Necator, Conrad calls him “the perfect flower of the terroristic wilderness. What troubled me most in dealing with him was not his monstrosity but his banality.” Later in the century, Hannah Arendt was to say almost the same thing about Adolf Eichmann. She made the mistake, however, of finding his banality more remarkable than his monstrosity. Conrad, had he lived that long, could have told her that the two things, though one of them might be the more difficult to describe, are both as fundamental to evil as hydrogen and oxygen are to water.

## Conrad's Greatest Victory

Starting in the infusion suite at the hospital, and continuing as I ambulate up and down my kitchen, I have been reading Conrad's *Victory*; and I feel that my recent years of reading have come to a kind of culmination. First published in 1915, the novel

perfects Conrad's signature themes. The hero, Heyst, is a Lord Jim figure without the guilt. Heyst has managed to get beyond the bounds of civilisation, and even of capitalism: the coal company that he helped to found in the islands has fallen into ruins, but he himself has survived. In the dance hall of the despicable hotelier Schomberg, Heyst encounters the ideal girl, Alma, who is the helpless prisoner of the tatty Zangiacomo orchestra and has nowhere to turn as Schomberg odiously threatens her with his attentions. Heyst bears her away to Samburan, a magic kingdom like Patusan and Sulaco. There, seemingly in control of events, he calls her Lena, princess of Samburan. They are like Adam and Eve, needing only each other. Or so it seems: but it soon emerges that they need a knowledge of evil, too, because it is heading towards them in the chilling form of “plain Mr Jones,” one of Conrad's most profound studies in terror. As the collision between bliss and destruction gets closer, the reader will spend at least a hundred pages praying that Heyst has a gun hidden away somewhere. The first big slaughterhouse battles of the First World War had already been fought while Conrad was publishing the novel, but there is not a hint of pacifism. Conrad knew that unarmed goodwill is useless against armed malice. It was to be a lesson that the coming century would teach over and over, and so on into the present century: peace is not a principle, it is only a desirable state of affairs, and can't be obtained without a capacity for violence at least equal to the violence of the threat. Conrad didn't want to reach this conclusion any more than we do, but his artistic instincts were proof against the slightest tinge of mystical spiritual solace, and so should ours be. Our age of massacres has also been an age of the intellectual charlatan, when people claiming to interpret events can barely be relied upon to give a straightforward account of what actually happened. Conrad was the writer who reached political adulthood before any of the other writers of his time, and when they did, they reached only to his knee.

That being said, however, it must be admitted that Heyst's upright stupidity grows tedious in the final scenes. Conrad should have made his heroes as intelligent as himself, the better to illustrate his thematic concern with how the historic forces that crush the naive will do the same to the wise, if they do not prepare to fight back. Finally, he tends to reinforce our wishful thought that cultivation—gained, for example, from reading the novels of Conrad—might be enough to ward off barbarism. But barbarism doesn't care if we are cultivated or not. ■



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80 YEARS IN THE MAKING

# How Britain learned to cook

From gravy with everything, via Pot Noodles, to Ethiopian injera

WENDELL STEAVENSON

**H**ow did we go from being the indigestible joke—British cuisine? Ha! It's an oxymoron!—to arguably the most dynamic multifarious cooking country in the world? In two generations we've moved from bland and boiled to pad thai in the pub, from a nice cuppa to chai latte and bubble tea. We still eat fish and chips, but we are just as likely to eat our fish raw as sushi. We were the people of meat and two veg, who awkwardly speared peas on the tines of the forks and shunned garlic like vampires. Now we can't decide whether to try the new Malaysian bistro or the Vietnamese street food noodles place or embark on Peruvian-Japanese fusion. A friend of mine in Egypt asked me recently what was a typical meal in England and I realised I didn't have an easy answer. After a while I said: "The funny thing is, we eat everything."

When the cook, restaurateur and food writer Prue Leith first came to England from her native South Africa in 1960, she recoiled at the sameness of every restaurant menu. "The food was awful," she told me. "I remember the chefs would have a big pot of demi glace brown gravy and it went on everything. It was all slices of meat reheated in gravy and served banquet style, with a procession of waiters dolloping a selection of vegetables on your plate. Beetroot in white sauce, braised celery. If you were very posh you got tinned asparagus."

When Leith started catering in 1961, the first thing she did was to banish the canteen-style stainless steel serving dishes. Thus began a life of more than five decades in the food business. In the late 1960s she founded a restaurant in London, Leith's, that went on to gain a Michelin star; in the 1970s she opened a cooking school; in the 1980s she was on the board of Safeway; in 1991 she co-wrote the bestselling *Leiths Cookery Bible*, a compendium of modern recipes for the home cook; in the first decade of this century she was Chair of the School's Trust, set up to improve food in schools. These days you can see her on the telly on the *The Great British Menu*, judging some of Britain's finest chefs. It's a career that has spanned the revolution in the way we eat.

Now she has written *Laura's Story*, the first volume of a trilogy entitled *The Food of Love*, that will track this national culinary journey as a multi-generational family epic. It begins on a farm

in the Cotswolds amid the privations and make-do of the war years. "The food was dull as ditch water," Leith recalled. Rationing was designed by the Ministry of Food to deliver optimal nutrition. "You lived on potatoes and there was a lot of tinned food, dried egg, tinned ham." Her characters eat sandwiches made with heavy brown national loaf and salted pork fat; an occasional treat is a Fray Bentos meat pie.

By the end of the war the daughter of the family in Leith's novel has married an enterprising Italian POW who sets up a business selling deep fried cheese sandwiches, lamenting he has to use cheddar because mozzarella can't be found. He wants to diversify, but the English aren't quite ready. His English business partner admits, "I'm sorry to be so ignorant, but I don't know what a pizza is."

I talked to Leith about what had brought about the change in British attitudes to food. Was it Elizabeth David's seminal *A Book of Mediterranean Food* that was published in 1950 and called for ingredients like aubergine and basil that were unheard of at a time when olive oil was bought in chemists and used for cleaning ears? (Even in 1957 the British were still ignorant enough to be taken in by the BBC's famous April Fool's documentary showing Italian peasants harvesting spaghetti from trees.) Or was it the immigrant Italians with trattorias and Indians opening curry houses that added spag bol and chicken tikka masala to our national favourites?

The evolution was slow. At first the change was not so much in what people ate, but in the technology of preserving food and the way it was sold. In the 1960s, frozen food arrived and supermarkets replaced independent fishmongers, butchers and greengrocers. The trend was for fish fingers, frozen peas. "People started eating ready meals on trays," Leith said. "Beef in gravy, frozen mashed potatoes in another compartment, Angel Delight." A new world was offered that was all about convenience. She remembered watching a *Tomorrow's World* programme from the mid-1970s when a presenter held out two nutritional tablets that would replace food altogether, excited to suggest that in the future the housewife wouldn't have to shop or cook or wash up at all.

In France, meanwhile, the rebellious generation of May 1968 was tearing down all the old authorities, including the old fashioned tenets of Auguste Escoffier, the grandfather of French cuisine whose heavy cream sauces had dominated menus since the 19th century. A new crop of chefs, led by Paul Bocuse, put the emphasis on freshness and creativity, cut cooking times and the ladles of clarified butter and invented "*nouvelle cuisine*". It was much mocked for its twee portion sizes. Leith pointed out that it

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**Food in 1950s Britain:** when aubergine and basil were unheard of, and “olive oil was bought in chemists and used for cleaning ears”

was the first time chefs began to “plate” their own dishes, rather than sending out components to be served table-side by waiters. The new chefs took pictures of their food from above, and made pretty, colourful designs on the plate, all circles and swirls and coulis. The glossy cookbook was born.

Throughout the 1980s the changes to British food were still largely focused in restaurants, and the influences and innovations were still coming from abroad. “I think it was television that really changed everything,” Leith said. First there was Delia Smith, no nonsense, everywoman. When, in 1990, she demonstrated a recipe for a truffle torte that included liquid glucose syrup, every chemist in the country promptly sold out of liquid glucose. Then, in 1999, on the cusp of the new millennium, along came Jamie Oliver. This was a watershed. “Suddenly,” Leith recalled, “all these boys who would have been mechanics or something and never would have thought of going into the service industry—cooking was for women or foreigners, not for the men of England!—a lot of these young men went to cooking college.”

Oliver, like Smith before him, encouraged people to cook at home. Lovely jubbly, mash it all up together, fresh herbs by the handful, bish bash bosh. TV cookery was suddenly every-

where. “It’s cheap to produce,” said Leith, “it fills the screen, it’s like wallpaper.” Soon there was also Nigel Slater with his simple suppers, Hugh Fearnley-Whittingstall on his smallholding enthusing us with the new buzzwords, “local” and “seasonal,” and Nigella Lawson enticing us to come hither, back into the kitchen for some naughty but nice. We all duly followed her into a national obsession with *The Great British Bake-Off*.

At the same time Britain became home to people of more than 150 nationalities, many of whom opened restaurants. Ethiopian injera anyone? Argentine BBQ? Fancy some Georgian

**“Britain became home to people of more than 150 nationalities, many of whom opened restaurants”**

khadjapuri? Where else would it seem possible that a Palestinian and an Israeli could get together and create an Ottolenghi empire out of chopped salads scattered with nuts and drizzled with pomegranate molasses? British people went on holiday ▶



to Europe and got to know chorizo. They went to Thailand and brought green curry paste back in their rucksacks. We were becoming more adventurous. Our palates were globalising, and at home around the dining table, things were changing too. For a start, it was quite likely that there wouldn't be a dining table. According to one study, a quarter of British families don't have one any more.

In 1980, the average home-cooked meal took an hour to prepare. Now it's down to half an hour. (In 2010, *Jamie Oliver's 30-Minute Meals* became the fastest selling non-fiction book ever; he followed it up with a sequel, *15-Minute Meals*). In the 1960s we ate breakfast, lunch and dinner, and for most the main meal was in the middle of the day. Today we spend less time sitting at a table, we eat at all hours, we snack constantly, and are more likely to tuck into our big meal in the evening. We now spend almost as much money eating outside the home as on buying food to cook inside it. According to statistics from the Department for the Environment, Food and Rural Affairs, over the past decade we are eating less beef, milk and cream, and fewer biscuits. We eat a third less bread than we did in the mid-1970s. Potato consumption has gone down steadily since the 1940s, when they were a staple, slumping 21 per cent in the last decade alone, as we replace them with other starches such as rice and pasta.

There has been a rash of social science studies and tabloid headlines lamenting the decline of the family meal and the traditional Sunday roast. Fingers are wagged. We should not be eating so many ready meals and take-aways laden with salt and sugar and fat, we are warned. Some of the message is getting through—demand for sugary fizzy drinks is falling, but god knows it's virtually impossible for us to give up our crisp habit; we eat six billion packs of crisps a year; a third of children eat crisps every day.

The big food conglomerates have spent decades carefully designing their products to provide the perfect “bliss point” of sweetness and most delectable “mouthfeel” of the right fattiness. Maybe it's an evolutionary need for fat and carbs that makes Pringles so more-ish. Or perhaps it is more to do with decades of laboratory research by the industrial food giants that have finely calibrated processed food into morsels of addictive cravability in the same way that cigarette companies got us hooked on their nic-

**“We’ve fallen in love with the easy flavour hit. I do not eat much junk food, but I cannot resist a packet of Frazzles”**

otine delivery devices. As much as we have discovered flavour, we have also fallen in love with the easy flavour hit. I don't eat much junk food, but I cannot resist a packet of Frazzles.

In the last ten or 15 years we have also seen a reaction to the short-cut packet convenience of the 1970s and 80s. Ingredients have proliferated, quality has improved. Farmers' markets and Waitrose Finest, Prince Charles selling sausages, single-estate chocolate from Madagascar, artisanal cider, new cheese makers and home-cured charcuterie. But the new foodiness is expensive. Britain's wealth divide is also a food divide.

“Middle-class food has improved,” said Leith, “but at the

Food companies “have spent decades carefully designing their products to provide the perfect ‘bliss point’ of sweetness”

other end it's worse and worse.” She said she can understand how difficult it is for a mother living on a housing estate far from the nearest supermarket to feed her children cheaply without relying on Pot Noodles from the inadequate corner shop. People are buying less meat and fish and fruit, in part because these have become relatively more expensive since 2008.

If there's a glimmer of hope, according to Leith, it comes from the next generation. These are the kids who are now benefitting from legislation mandating nutritional standards in school meals that Oliver's school dinners campaign and the School's Food Trust helped to bring about. In addition, primary school children are being taught about cooking and healthy eating, and lottery money has gone to fund 7,000 cooking clubs around the country which parents attend with their kids. “It's extraordinary the influence children have on what's eaten at home,” Leith said. “They get quite bossy: they say, ‘We've got to have that Mum! If it's green it's for good you.’”

So are we eating better? Are we cooking better? Or has consumption just become another form of consumerism? Are all the pretty pictures of icing swirls and piping hot pies served up in fictional TV kitchens to rent-a-guests clinking mulberry mojitos to a canned laughter track just aspirations that we feast on while munching a bowl of cornflakes on the sofa? Leith sighed at the question. Probably. A bit. “It's quite a narrow band of foodies who can afford good food and are interested in cooking.”

So, I asked the judge of *Great British Menu*, what is modern British food? “It's hard to say. In our constantly evolving multi-ethnic country, I think it's something different for everyone.”

One thing, though, is clear: amid all the polyglot flavours and fusions and fashions, Britain is finally producing chefs ►





# NATIONAL LORRY WEEK

## THE UK SUPPLY CHAIN ONLY HOLDS 48H OF FOOD STOCK!

Everything we eat, drink, wear and use has to be transported on the back of a lorry.

As part of its drive to raise awareness around the vital role this sector plays in delivering daily life to every part of the UK, the Road Haulage Association (RHA) is staging National Lorry Week (26-31 October 2015).

### WHAT WILL LORRY WEEK LOOK LIKE?

- Hauliers around the UK opening their premises to the public
- The RHA and its members actively engaging with their MPs
- A reception in Westminster
- A powerful week long media campaign

Our aim is to raise the profile of the UK's haulage industry, both as an essential service provider and as an excellent, and often overlooked, career opportunity.



Deliveries don't just happen.

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[www.rha.uk.net/events/national-lorry-week](http://www.rha.uk.net/events/national-lorry-week)





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Heston Blumenthal's Oak Moss dish, served at his Fat Duck restaurant, where he turns "dinner into theatre with clouds of liquid nitrogen"

with ideas that are influencing the rest of the world. Take Fergus Henderson who reinvented British food at his restaurant St John by paring down traditional dishes to bare-boned sheer deliciousness. His roast bone marrow is just that, on a plate, bread and salt and a little parsley salad on the side. Mince and tatties, sloppily sublime. Grilled sardines, roast partridge, Eccles cakes with Lancashire cheese for pud. Nothing gussied with sauces and garnishes. Henderson's menus echo Leith's descriptions of good old-fashioned country cooking on her fictional farm in the Cotswolds—roast pork after a pig killing, gooseberry ice cream for dessert. He reminded us we didn't need to be ashamed of what we eat and his nose-to-tail philosophy today shows up in offal dishes in Europe and the United States.

Then there is Heston Blumenthal, our culinary apotheosis, a mad genius and autodidact who didn't have to throw out the rule book because he'd never read one. He is the whisk to our culinary mix. At his restaurant in Berkshire, the Fat Duck, he is at the forefront of experimental gastronomic alchemy, turning dinner into theatre with clouds of liquid nitrogen. He mines historical recipe books for inspiration at his London outpost, Dinner, resurrecting medieval spice combinations and Tudor sweetmeats. He also turns up on the shelves of Waitrose with his own food line of odd and inspiring products—high quality stocks, mustard ice cream and the famous hidden orange Christmas pudding. And he's on television all the time, entertaining us with crazy feasts or reinventing the full English breakfast for the Little Chef.

In one series, *In Search of Perfection*, I watched Blumenthal go about making the perfect cheeseburger and spend hours try-

ing to reproduce the satiny plastic finish of processed cheese slices to melt on top of it out of premium ingredients. An English chef making an American classic with a French brioche bun, using chemicals normally found in food science laboratories in a three-star Michelin kitchen. Here was the perfect summation of how we cook and what we eat—a combination of our conflicting desires for the old and the new, the salty and the creamy, nostalgia and the future. **P**



"I wonder if people had to walk this much before the age of jet travel"



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## Arts & books

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# An eye for a story

Few writers can bring a painting to life as dazzlingly as Simon Schama, argues *Andrew Marr*

### The Face of Britain: The Nation Through Its Portraits

by *Simon Schama* (Viking, £30)

This is a terrific, fat book, classic Simon Schama, which doesn't at all do what it says on the cover. The title, *The Face of Britain: The Nation through its Portraits*, suggests to this reviewer two things: a reliably sequential narrative, passing in stately fashion from age to age; and a stern attempt at social and geographical inclusivity. Instead, what this virtuoso historian and TV performer has produced is an eclectic, often personal and brilliantly written collection of essays about what interests him. And thank all the prancing muses for that.

Schama's greatest gift is a sure eye for an extraordinary story. Some of the narratives here are well known: he begins the book with the great face-off between Winston Churchill and Graham Sutherland in 1954, which lead to the destruction of Sutherland's portrait of the wartime prime minister, a masterpiece by a modernist painter who has unfairly fallen out of favour; and we get Dante Gabriel Rossetti and Jane Morris; and towards the end of the book, Henry Tonks, the ferocious Slade teacher, turning his pencils and pastels to the problem of facial reconstruction in 1916-17. The first is a story about patronage and its dangers; the last, a meditation on the uses of drawing. In a conventional art history, neither would probably have been included.

Schama reconstructs art history with impish glee. Augustin Edouart. Isaac Fuller. Jonathan Richardson. George Richmond. Samuel Cooper. Richard Cosway. Christina Broome. Each of these produced, on the evidence of this book, some remarkable work, if not of the very first quality. Most art lovers will have heard of one or two of them. Almost nobody outside the staff of the National Portrait Gallery, I daresay, knows them all.

This eclecticism allows the historian to scramble around for stories we ought to

know, but mostly don't: there's a sizzling essay, for instance, on the bizarre, sadly comic story of the lumpish equestrian statue of Charles I by Hubert Le Sueur, which currently stands on the traffic island known as Trafalgar Square, and which very nearly didn't survive at all. Anyone familiar with the National Portrait Gallery will have paused by the portrait by Anthony van Dyck of Sir Kenelm Digby, a fat-faced, balding cavalier who looks remarkably like a 20th-century stockbroker got up in fancy dress. The real story of Sir Kenelm's dogged, tragic love for Venetia Stanley, and his remarkable career as a proto-scientist, privateer and magus, would have provided for some authors a long biography taking many years of blameless study; it's recounted here in a couple of dozen fascinating pages.

Sir Kenelm is followed immediately by the story of the undersized Regency artist Richard Cosway, also known as "Tiny Cosmetic," which allows Schama to rehearse, with fine gusto, the story from the same period of Prince George's borderline insane pursuit of Maria Fitzherbert—before veering off to the tale of Maria Hadfield, Cosway's wife, and her fine Parisian romance (probably, but not certainly, unconsummated) with Thomas Jefferson. Both of these are in the end stories about our desperate fear of being left by the person we love and they give a sense of the rich, oily pickings Schama has rooted up along what would have been, in most historians' hands, a predictable journey.

The structure of the book, I assume, follows the structure of the television programmes it accompanies, so it is thematic rather than sequential—"The Face of Fame," "The Face of Power"—with the shorter essays gathered into themed sections. This means that it can feel, in the hand, mildly disorientating. We never know after one essay quite where we are going next, or why. Some readers may find the zigzagging in time irritating or distract-

ing. But its strength is that it allows Schama the freedom not to be bored, and thus not to bore the reader. Wherever he chooses to, he leaves conventional art writing far behind, to gallop off on another crackling tale—of how Francis Drake was seen by the Spanish; or where Emma Hamilton came from before she bumped into Horatio Nelson; or little David Garrick, the rain and the Shakespeare cult.

But we know, from his earlier books on Rembrandt, Rubens and modern art, that Schama has an avid, restlessly shrewd eye for painting. The best art writing in the book is truly exhilarating and happens when Schama's dander is up and he is almost panting with excitement about something he's just seen. His account of Laura Knight's self-portrait while painting *Ella Louise Naper* in the rosy-bottomed nude (a radical piece of picture-making, even if bringing in Barnett Newman, Henri Matisse and Marcel Duchamp might be stretching it a tad) is not something I will forget. Nor his lovely and sensitive account of an early sketch by Thomas Gainsborough of his daughters chasing a butterfly—and the sad story of what followed. Nor again, his description of the 1826 self-portrait by that tormented visionary Samuel Palmer, which Schama rightly compares to Rubens and Rembrandt: "The roughly cut hair, perhaps self-sheared, is more lovingly handled in black chalk than any barber could have managed and with a lot more attentiveness, too, for Palmer has found a way to draw dirt-stiffened, sweat-stuck individual hairs so that they cling greasily together, exposing glistening areas of his forehead."

The quotation introduces the unavoidable issue of the Schama style. He is, to filch one of the 18th-century words he clearly much enjoys, a bit of macaroni writer—flamboyant, exuberant, a word-importer and a performer. It's the opposite of the George Orwell and newspaper style-guide approach—make it simple, cut it down, prune away everything you don't abso- ▶





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*Self Portrait* (1913) by Laura Knight, featuring model Ella Louise Naper “in the rosy-bottomed nude,” was “a radical piece of picture-making,” says Andrew Marr

lutely need. Again, I suspect some people may find this irritating, though for me the exuberance almost always works.

Here he is, opening his chapter about Francis Bacon and his self-destructive lover George Dyer: "1963. Man, 30-odd, walks into a pub. He's wearing a cocky expression and a dab too much brilliantine; bit of a pompadour and his eyebrows look like two caterpillars are having a conversation on his forehead. But the Stepney spiv style is alright. London has barely begun to swing, Carnaby Street still has traffic running through it, and Soho means looking sharp the old way: bigger lapels, broad shoulders, clean-shaven with a bit of a curl to the lip; tight knot to the tie. George Dyer has all this. He's done a little time in the nick so he knows what's what, and he knows that a man who also likes a little grease on his mop is giving him the once-over."

You'd read on, wouldn't you? And here, again in London, he is ventriloquising Godfrey Kneller as he ushers in up to 14 sitters in a day in his 1690s workshop: "A very good morning; please be seated, there in the light, just so; excellent; thank you thank you, now if you would be so good as to hold quite still for a time, I would be most obliged... Mr such and such will be sure to let you know when the likeness is done. Truly most obliged. Good day to you. Next, I believe? Are yes, Lady so and so. Pray, do come in..."

This isn't what you get from conventional historians or conventional art writers, more's the pity. Even if sometimes you wonder whether there isn't a bit too much brilliantine, and at other times he

pushes slangy informality pretty far, you read on. As that extract implies, Schama is very much a metropolitan writer, a creature of London, New York and, occasionally, Edinburgh. The most immediately affecting writing is autobiographical, when he heads back to the Notting Hill of his youth to meet the black photographer Charlie Phillips, or when he recounts the loss of his much-valued collection of cigarette card portraits in a boys' gambling game. This made me think that the next Schama book, or perhaps the next-but-one, really has to be an autobiography. It would, I gently suggest, really be something.

Away from the metropolis, and his own world, he has the humane curiosity of a good historian. There is an essay about Octavius Hill and Robert Adamson, who took famously stunning early photographs of Newhaven fishwives and their husbands, which might be the best thing in the book. He just looks harder. He empathises.

I'm beginning to rave. This book isn't perfect. I would really love to have read Schama on Allan Ramsay and Henry Raeburn—those biting Georgian wives, those great, livid, farmers and traders—and am genuinely puzzled why they don't appear. Plus, I never want to read about Alice Liddell ever again. I think he's too fond of Francis Bacon, excessively censorious about Lucian Freud and borderline brutal about Tracey Emin. He tells us that the first self-portrait in English art was made around 1240 by William de Brailes in a psalter. But James Hall, in his recent *The Self-Portrait: A Cultural History*, has tracked down

a much earlier self-portrait by St Dunstan of Glastonbury, from around 950, in which he crouches at the feet of Christ. Other misses include John Singer Sargent, whose reputation was recently rebuilt at the National Portrait Gallery, and who did for the Edwardians what Joshua Reynolds did for the Georgians, but with more wit; and David Hockney. If you want to know what the super-rich look like now, with their insecurities and strange clothing, Hockney is where you have to go.

Yet it's the pathetic default mode of the modern book review to attack a book for all the things it isn't, rather than look closely at what it is. And this is both excellent and highly unusual. Schama has written books which will still be bought and talked about a century from now—I'm thinking of *The Embarrassment of Riches*, *Citizens*, *Rembrandt's Eyes*. He's been at the top of his game for most of his career and he hasn't lost an ounce of zest or intelligence. Damn him. Television tie-in books rarely garner enthusiastic reviews. They are designed, almost handcrafted, to sandpaper the pursed insecurities of the academy. All I will say is that every reader of this magazine should have a copy of Simon Schama's *The Face of Britain*—no, not in a bookcase, but right there on the desk, broken-backed.

He can look at something we think we know and make it seem fresh and new to us, and this is a great gift. He very nearly persuaded me to find George Romney and Johann Zoffany interesting.

Andrew Marr is a writer and broadcaster, and host of BBC One's "The Andrew Marr Show"

## Gloomy, but right

Vince Cable argues that Britain's reliance on finance leaves it vulnerable, says *Chris Huhne*

### After the Storm

by Vince Cable (*Atlantic*, £18.99)

I take partial responsibility for the elevation of Vince Cable to the status of national economic sage, because I spent many hours in opposition telling financial journalists about his good economic judgment. And it was good. Not, of course, in any sense of specific short-term forecasts. Economic forecasts are what they are: necessary extrapolations and useful checks on logical and consistent thinking. But the really valuable service that clear-thinking economists can perform is to highlight the big trend-benders. The risks. The icebergs. Vince got the biggest issue in the run-up to the Lehman Brothers crash spot on.

I know, because I was his deputy in the shadow Liberal Democrat Treasury team

after I was first elected as an MP in 2005, and we spent time not just publicly telling people that the banks were overdoing it, but also making the case privately—for example, to a notably sceptical Callum McCarthy, then the head of the Financial Services Authority. There was a consensus across both Labour and Conservative front benches—George Osborne included—that the run-away mortgage lending was the product of carefully considered banking judgments. The markets simply did not get these things wrong, and those who worried about the light regulatory touch on the banks were dinosaurs.

Vince and I knew better. We had first met in the 1980s when we were both working on the third-world debt crisis of 1982. Vince was then at the Commonwealth Secretariat and I was the economics leader writer at *The Guardian*, writing a book on the debt cri-

sis with Harold Lever. Lever had emerged from a close association with the Treasury in 1979 with a scarcely disguised contempt for its bizarre belief in the virtues of financial markets, and particularly its defence of hand-over-fist lending to Latin America.

By the time Vince and I were analysing the aftermath, both Lloyds Bank and the Midland Bank—then two of the biggest UK clearing banks—had lent more than the entire value of their capital to Mexico, Brazil, Argentina and Venezuela, all of which were in default on their debts. On any normal measure, much of the western banking system was bust, but the regulators of the day behaved like the courtiers of the emperor with no clothes and pretended that in fact bank balance sheets were perfectly in order. Only later did the Brady debt restructurings begin to recognise reality.





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The warning phrase in any booming market is “this time it is different”; it never is. Even in my lifetime, there have been repeated financial crises: two global (1982 and 2007) plus several smaller, national or regional crises (such as the British secondary bank crisis of 1973). There is usually some new financial instrument—syndicated credits, or collateralised debt obligations—which allow people to argue for the benefits of innovation. Risks are said to be lower and better understood. Underlying all the jargon, though, is the old reality of high debt boosting asset values used as collateral: when the lending stops, the asset values deflate and the banks panic.

For most of this period, Hyman Minsky was a figure who would not have been mentioned in polite financial circles, though his understanding of market overreaction is a key extrapolation of Keynes’s early insights. “A ‘sound’ banker, alas! is not one who foresees danger, and avoids it,” said Keynes “but one who, when he is ruined, is ruined in a conventional and orthodox way along with his fellows, so that no one can really blame him. It is necessarily part of the business of a banker to maintain appearances, and to profess a conventional respectability, which is more than human. Lifelong practices of this kind make them the most romantic and least realistic of men.”

The problem for the UK is that it is the major economy most reliant on bankers. True, the United States financial sector is bigger, but then so is the US economy. Small economies with large financial sectors—such

as Iceland and Ireland—suffered terribly in the crash. So did Britain, and the vulnerability to an inherently volatile sector remains. Every time the cry goes up to toughen regulation. But financial regulators are great at preventing the last problem from recurring, and less good at anticipating the next one. Yet there is a real cost not only to the public finances, but to the wider economy: the recovery from recession in the UK was far slower even than in France or Germany, despite the vaunted flexibility of a separate currency.

Britain’s economy is rather like a giant hedge fund: it takes in relatively cheap money (for example in banking deposits) and earns higher returns on it than it has to pay out. Higher returns, however, are usually associated with higher risks. And those risks are not merely private. As Mervyn King, the former Governor of the Bank of England, has said, banks are global in life, but national in death. I would not go as far as Vince does in his new book *After the Storm* in arguing that “a very large global banking sector may not be good for Britain... the current contraction of the sector may be healthy in the long run.” But there surely ought to be a much greater national debate about the risks that such a relatively large financial sector poses to British citizens, and the ways in which they can be mitigated.

Vince is also right to defend the Liberal Democrat change of view on the need for an early earnest fiscal tightening beyond that proposed by Alistair Darling. The Labour

**Former Liberal Democrat Cabinet members outside 10 Downing Street in March. L-R: David Laws, Danny Alexander, Jo Swinson, Nick Clegg, Ed Davey, Don Foster, Alistair Carmichael, Simon Wright and Vince Cable**

criticism of the Lib Dem U-turn was curiously blind to what was occurring in the financial markets in 2010. The general election was on 6th May. During April, Greece had been downgraded by my old colleagues at Fitch Ratings to one notch above junk. Standard and Poor’s followed with junk bond status on 27th April, and the following day Greece’s bond yields—the cost to the Government of new borrowing—traded at 10 per cent more than German ones, three times the level in January. On the day after our general election, there was a further rout.

All of this would have been of little concern if Britain had itself needed little finance, but we were borrowing £153 billion in 2009–10, or 10.9 per cent of GDP on the Maastricht Treaty definition. This was one of the biggest budget deficits—even in proportion to national income—of any EU country. During my rating agency days, I had lived through the 1997 Asian financial crisis, including the battering given to South Korea which at one point was counting the foreign exchange out of the central bank. No one should risk that sort of crisis hitting their economy. The decision to try to remove the UK from the chance of contagion by demonstrating a modestly faster track to fiscal consolidation that year—as Osborne did in his June emergency ►

budget—was surely right.

Where Vince is silent is over the more controversial decision by Osborne in the same budget to frontload the fiscal consolidation to 2011 rather than spreading it out evenly over the parliament. In doing so, Osborne broke the golden rule that the budget should not be tightened so far and so fast as to kill growth, and condemned the UK to a much slower recovery over the next two years than might have been the case. Ironically, it probably also meant that the improvement in the public finances was slower than it could have been if progress had been more steady and sure. It did not surprise me, therefore, that the rating agencies duly took away the coveted AAA rating which Osborne was ostensibly trying to protect. By the time of his omnishambles budget in 2012, there were calls for his head. Much of this might also have been avoided if, as Vince argues, the Treasury had been more willing to undertake investment funded by borrowing, particularly if there was a clear cash return as there could be for housing investment. It might also have been avoided if key decisions had been taken by the originally proposed wide Coalition Committee, rather than the Quad made up of David Cameron,

George Osborne, Nick Clegg and Danny Alexander.

Perhaps the most unexpected economic development during the coalition years was the behaviour of the labour market. Given such slow growth—partially self-inflicted—all past history would have suggested a rise in unemployment, but instead it fell. Past history would also have suggested a far bigger rise in unemployment during the recession: the 2008-9 recession was the most severe in the post-war period measured by its six per cent fall in output, but the rise in unemployment for each per cent drop in output was less than half what occurred in the recessions of 1979-81 and 1990-1.

You might suppose that a Conservative Chancellor would at least privately celebrate this evidence that Thatcher's labour market reforms—essentially preserved by Blair and Brown—had left the UK labour market much more flexible. Instead of inflicting all the pain of cost cutting on the newly redundant, businesses were instead able to save money by squeezing everyone's wages. This was surely a fairer social outcome. But Osborne has just put this achievement at risk by pushing up minimum wages to levels

that will hit low-paid employment particularly during the next recession. He was never a Chancellor who could resist short-term political benefit even when paying a long-term economic cost.

This book has plenty of good policy discussions in what at times seems like a Cook's tour of the economic issues confronting Britain, but readers who were hoping to hear about Vince's battles in Government, his lurking presence as a touted alternative to Nick Clegg, his ultimate decision not to stand as leader, his key role in the student tuition fees policy and his judgment of whether the Liberal Democrats could have handled that toxic issue better, and the overall balance sheet for the Liberal Democrats in coalition will be disappointed. Instead, we have a book which could—and perhaps should—have been written by an economic adviser to the Government, not a protagonist. This is a shame because the tension between good policy and practical politics is severe. Vince is in a particularly good position to enlighten us on these conflicts, but that will have to await another book.

*Chris Huhne was Energy and Climate Change Secretary from 2010 to 2012*

## Rise of the young Turks

A new nationalism was born out of the ashes of the Ottoman Empire, says *Norman Stone*

**The Ottoman Endgame: War, Revolution and the Making of the Modern Middle East, 1908-1923**

by Sean McMeekin (Allen Lane, £30)

"The Ottoman Empire is in the news again," writes Sean McMeekin at the beginning of his new book about the "making of the modern Middle East." McMeekin, whose previous book, *July 1914*, dealt with the origins of the First World War, observes that "scarcely a day goes by without some media mention of the contested legacy" of that conflict in the region. Today, German troops are stationed on the Syrian border, more or less where their great-grandfathers were in the days when General Erich von Falkenhayn commanded his Lightning Army Group in 1918.

At the very end of the war, when Woodrow Wilson campaigned for the idea of national self-determination, two nations won—Israel and Turkey. The latter, after an epic war of independence and a determined challenge to Islamic ways, is a success story. By contrast, the Armenians and the Greeks failed, in Anatolia at least. So too did the Kurds. Artificial states were established by the British and French in the shape of Iraq and Syria, and these too have failed. It is no wonder that books such as McMeekin's are

now appearing.

*The Ottoman Endgame* is the natural successor to David Fromkin's Pulitzer Prize-winning *A Peace to End All Peace* (1989), which ought to be on the bedside table of any thinking diplomat in the Middle East. McMeekin tells the story of the Young Turk reform movement of the early 20th century, the battles of 1914-18, including Gallipoli, and Turkey's eventually wrestling of independence from a coalition of ill-wishers—including Lloyd George and Hovhannes Katchaznoui, the Prime Minister of Armenia.

McMeekin's story begins in 1877. Tsarist Russia, with its Balkan allies, had attacked Ottoman Turkey in the name of Christian Europe, and, this time, unlike in the 1850s, when their support for the Turks led to the Crimean War, the British did not intervene. The Ottoman army initially crumbled, and Russian troops invaded Bulgaria. Then, for months on end, in the mountainous territory around Plevna, the Turks stood their ground, and had demonstrative support from the Benjamin Disraeli government. In the end, they did give in, and Russian troops reached what is now the site of the Atatürk airport outside Istanbul. But the Russians were in no condition to go on, and at the Congress of Berlin had to accept only a lim-

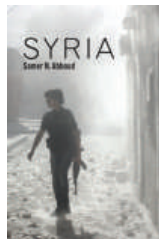
ited victory. Ottoman Turkey had a respite.

There were millions of refugees to digest, and the public finances were in a mess, but Abdul Hamid II, the last real Sultan (1876-1909), was astute and applied a successful formula. The Ottoman empire had since the start been at least half Christian. Defeat reduced this portion of the population to a quarter, one susceptible to nationalist appeals, whether Greek or Armenian. Abdul Hamid responded by using Islam, rather than Ottoman parliamentary liberalism, as cement. He encouraged religious reformers who argued that, if Islam could only learn western techniques, it could stand on its own. He made terms with western banks, and encouraged native capitalism. In foreign affairs he was careful to have good relations with Russia.

Abdul Hamid grew tired, however, and was eventually overthrown in 1909 by army officers and their masonic sympathisers, known as "Young Turks." They promised (and in many ways delivered) reforms that foreshadowed those of Kemal Atatürk, the founder of modern Turkey, 20 years later. They naively imagined that Europe would support them. It did not. The Austrians annexed Bosnia and the Italians invaded Libya. In 1912, the Balkan nations allied and struck: Turkey lost almost all its ►



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European possessions, including Salonica (modern-day Thessaloniki), hometown of the Young Turks. By 1913, almost no one imagined that the Ottoman empire had much time left, and partition was in the air. The French eyed Syria and the Russians cultivated links with the Armenians of eastern Anatolia and the Kurds, too. (A century earlier, in 1807, a similar bargain had been discussed at Tilsit by Napoleon and Tsar Alexander I—Constantinople for the Russians, Cairo for the French and nothing for the British.)

Only Germany offered help to the Young Turks, because they intended to take over Anatolia, not as a colony, but as what one of them, in envy of the British, called “Our Egypt.” In 1914, when Europe went to war, Turkey joined in on the German side. It was a disaster, and one can imagine Enver Pasha, leader of the Young Turks’ military wing, echoing the words of the Austrian Foreign Minister who said: “We were bound to die. We were at liberty to choose the manner of our death, and we chose the most terrible.” All the Great Powers made similar miscalculations in 1914, and all the European empires fell as a result—the German, Austrian, Turkish empires in the short run, the British and French in the longer term.

In April 1915, the Turks had their backs to the wall. The British and French were attacking in the Dardanelles. A German-Turkish attempt against the Suez Canal had failed, and an army had been lost in the snows of the east, at Kars, against the

Russians. There were four Armenian brigades on the Russian side, and guerrilla warfare had started behind the Turkish lines. McMeekin explains that in this military context orders went out for the deportation of the civilian Armenian population, which occurred in horrible circumstances, described by the many missionaries and foreign consuls in the area. Turkish records show that about 500,000 people were involved. Fifty-thousand died, half from exhaustion and disease, half from attacks by Kurdish tribesmen in pursuit of loot. The Turks themselves put about 1,500 of their own officials on trial for what had happened, and executed 50, including a provincial governor who had stolen. The survivors, deported mainly to Syria, also died in droves. A plague of locusts stripped the leaves from the trees, and there was mass starvation. It affected everyone in the area.

McMeekin documents all of this, but refrains from using the term “genocide.” There is simply no proof that the Ottoman government intended to wipe out the Armenians. The direct evidence consists of forgeries. A Turkish commentator, Taner Akçam, looked at the record in the late 1980s and pronounced genocide. His works were respectfully reviewed. However, they were also subjected to withering attack by researchers who knew the Ottoman language better than he did. For instance, Erman Sahin claimed, in a respected journal, that Akçam translated “pillaging” as “extermination,” a charge that the latter

**Russia and Turkey play a game of strategy, from *Le Perroquet*, 1877**

has never answered. Until he does so, he can be ignored. Most readers of *Prospect* will maybe assume the reality of the “Armenian genocide” as a matter of course. But things are not that simple. There was, as McMeekin shows, an element of Armenian provocation, and we await an Armenian historian who will break ranks, as Akçam did for the Turks.

In 1918, the Ottoman empire finally gave up, after seven centuries of ruling the Middle East. General Franchet d’Espèrey rode into Constantinople on a white horse, consciously in imitation of Sultan Mehmet in 1453. The British and French thought that they would remake the Middle East, and took over. But they had given the Turks an example: the nation state. Resistance gathered. McMeekin ends with the establishment of modern Turkey as the outcome of that war of independence, and it is a moving story.

It is an enormous story, too, and McMeekin is a worthy chronicler of it. He writes too much about 1876, and 1922 comes off too short—you want to read more about Atatürk. But *The Ottoman Endgame* is the most satisfactory and thought-through of the recent books on the subject that I have seen.

*Norman Stone is professor of history at Bilkent University in Ankara, Turkey. His most recent book is “World War Two: A Short History” (Penguin)*



# Those who leave and those who stay

Elena Ferrante's bestselling novels are a storytelling triumph, says *Anthony Cummins*

## The Story of the Lost Child

by Elena Ferrante, tr Ann Goldstein (Europa Editions, £11.99)

*The Story of the Lost Child* is the fourth and final part of a 1700-page saga that spans a half-century of friendship between two women born in a brutal mafia-run slum on the edge of Naples. In Ann Goldstein's translation from the original Italian, previous books in the series (known collectively as the Neapolitan novels) have received rave reviews on both sides of the Atlantic, selling more than 250,000 copies in the United States alone.

Before the first instalment appeared three years ago, the author—whose real name she and her publishers keep secret—already had an international audience for pungent short novels such as *The Days of Abandonment* (2002), about a wife's rage at the husband who leaves her with two children to run off with his younger mistress. Those books anticipate but can't fully prepare you for the size and scope of the Naples quartet, peopled by some 50 characters spread over several generations. Truly the conclusion of a single novel cut in four, *The Story of the Lost Child* doesn't stand alone: you have to start at the beginning with *My Brilliant Friend* (2012).

If that sounds like an undertaking, it isn't. No precis could capture the thrilling sense of life pulsing throughout this magnificent epic. Ferrante is a great writer of scenes fraught with the accumulated emotional weight of the cast's shared history. Yet she also has the skill of making her plot seem entirely natural, as if there's simply no other way the story could happen. You can puzzle and argue over the books, too—it's just that Ferrante never makes an obstacle out of difficulty. Nothing stops the flow until the end: it wasn't long before I read the whole thing all over again.

Like all of Ferrante's fiction, the quartet unfolds in a direct and conversational first person that sticks as a rule to a single linear time frame. This engaging style looks simple but proves appropriately Vesuvian: placid with the capacity to erupt. No chapter exceeds more than a few pages and after a slowish start the narrative becomes almost unbearably compulsive, not least in the latest volume, which crams half the story's total time span into a quarter of its length.

Part of what makes the books feel so fresh and vital is their portrayal of women chiefly in relation to each other rather than to men, which remains rare. Rarer still is how Ferrante writes seriously about female

experience in a way that doesn't preclude writing about (for instance) organised crime, politics, terrorism or technology. (Her interest in subjects often seen as the dominion of men may partly account for the idea that she is really a man; Ferrante's interviews conducted by email make clear she is indeed a woman.)

The intimate tale of Lila and Elena is also the tale of a city and a nation; in one especially vertiginous passage it even becomes "a lens through which to look at the entire West"—being born in Naples, we're told, "is useful for a single thing: to have always known, almost instinctively... that the dream of unlimited progress is in reality a nightmare full of savagery and death."

Framing the series is a mystery introduced in the prologue to *My Brilliant Friend*. Elena is a middle-aged writer in Turin; it's 2010. When Lila's son calls from Naples to say his mother's gone missing—taking all her possessions and even cutting her image out of family photos—Elena switches on her computer and starts to write down every-

**"No precis could capture the thrilling sense of life pulsing through Elena Ferrante's magnificent epic"**

thing she can remember about her childhood friend. "We'll see who wins this time," she thinks, a remark we can understand only in the context of what follows. From schooldays spent snatching each other's dolls through tangled love affairs, broken marriages and the agonies of motherhood, Elena charts her and Lila's fight to control their destiny in a time and place that regards women as objects and tokens or worse.

In postwar Naples the girls are bright but poor. Elena is able to persuade her parents to let her attend school past the age of 10; tomboyish Lila—more gifted—isn't. It's a fork in the road. Lila marries at 16, brutally forced to have sex by her husband on her wedding night after finding out that she was more or less sold to her husband as part of a business deal involving local gangsters. When, in part two, *The Story of a New Name* (2013), her marriage burns out in mutual betrayal, she gets a job stripping carcasses in a sausage factory whose boss molests the female employees. Meanwhile Elena gets to attend university in Pisa, becoming a writer ill at ease in her cohort of well-to-do 1960s

radicals. Yet nor is she any longer at home in Naples, her mother-tongue dialect drying up, stung by Lila's taunt that she has left her and the old district "alone in our own shit."

The confusion of loyalty and rivalry in Elena and Lila's relationship fuels the narrative in ways you might expect, with well-caught anxieties about who's cleverest, who gets their period first and (later) whose children are the best behaved. But Elena's feeling that Lila is always up to something also provides an inbuilt mechanism for page-turning suspense.

It starts small—why does Lila borrow Latin books from the library if she can't go to school?—but grows to the point where she's regarded as "a kind of holy warrior" who is "the only one capable of putting things in order in the neighbourhood." She's a picaresque heroine with a talent for rocking the boat whenever she seems cornered. As a young girl she holds a predatory local tough at knifepoint; at the sausage factory she ends up the figurehead of a campaign for workers' rights; and she's even suspected of masterminding a paramilitary cell as 1960s political tumult boils over into the violence of Italy's Years of Lead. By the time she gets a surprising new job as a computer technician to gangsters she's always resented, we're afraid for them, not her.

Elena's trajectory is more familiar. In Book Three, *Those Who Leave and Those Who Stay* (2014), she's married in her thirties with two young daughters in Florence, her literary career stalled. It's a set-up Ferrante portrays with tart humour. Elena considers asking her husband, a Virgil scholar who always works into the night, to do his fair share at home—but "what did I gain from a few washed dishes, poorly washed at that?" The solution is more radical: "Who gave a damn about the shopping, I had to take care of my future. And my future was to write..." In this gung-ho frame of mind she abandons her family to run away to France with an old girlhood love, Nino, himself a married parent. At the end of the book, she's euphoric: "Something great is happening that will dissolve the old way of living entirely and I'm part of that dissolution."

If we're not convinced, nor is Lila, who at the start of *The Story of the Lost Child* tells Elena she's an idiot: readers of prior instalments will know Nino isn't the safest person with whom to set up as the vanguard of a new world order. On returning to Italy Elena must rely embarrassingly for childcare on the mother of the husband she's just left. Trying to maintain a public profile while staying in sight of her daughters ►

leaves her close to breakdown, as Ferrante's narrators tend to be. Once she's drawn back to Naples in 1979 and gets involved with Lila's anti-mafia initiative it can seem Lila has forever been manoeuvring Elena just where she needs her: into the position of a famous novelist able to pen an exposé of the area's crime lords, now busy flooding the district with drugs.

Halfway through this final volume the narrative hits breakneck pace, as Ferrante starts making inroads into her outsize cast list with terminal illness, murders, a suicide and—in the book's poleaxing climax—another disappearance that precedes and perhaps inspires Lila's. Perhaps one purpose of the classical references strewn throughout the novels is to remind any seri-

**“The question of who she ‘really’ is won’t go away any time soon—and the fuss can’t be entirely unwelcome to the author”**

ous-minded readers discomfited by the surfeit of action that no one worries too much about whether or not Homer is sufficiently literary. In any case the scholars are already getting to work: in March two American academics were soliciting contributions to a book on “The Works of Elena Ferrante: History, Poetics and Theory.” There's certainly plenty to chew on—not least what actually happens at the end.

It doesn't spoil anything to say that Ferrante doesn't settle on a motive for why Lila has disappeared: possibilities of grief, revenge or, in Elena's words, “a sort of aesthetic project” are all kept in play. We're told that from the late 1990s, “and especially from 2000 on,” Lila began to talk more about the idea of “eliminating herself” in the Google era: “One can't go on anymore, she said, electronics seems so clean and yet it dirties, dirties tremendously, and it obliges you to leave yourself everywhere as if you were shitting and peeing on yourself continuously: I want to leave nothing, my favourite key is the one that deletes.”

Historical novels don't normally comment on selfhood in the digital age. You can't help but think of Ferrante's own disappearing act; in 1991, with her debut imminent, she told her publishers she'd never promote her work in person. Whether the result of shyness or slyness or both, Ferrante's peculiarly ostentatious form of privacy, conceived last century, looks yet more radical in the backlit present; as if, like Lila, she's always been one step ahead.

Of course the question of who she “really” is won't go away any time soon—and



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**Elena Ferrante's quartet follows the lives of two young women in postwar Naples**

the fuss can't be entirely unwelcome to an author who chooses to give her narrator her own pseudonym. One rumour suggests she's Anita Raja, a middle-aged translator from Naples. In 2003 Ferrante's Italian publisher brought out her translation of Christa Wolf's novel *The Quest for Christa T*, in which a woman reconstructs the life of a free-spirited friend who dies young in the new East Germany, no place for nonconformity. Christa T (who fears she “might vanish without a trace”) wrestles with how to improve society but later regrets having the “presumption to think one could haul oneself up out of the swamp by one's own bootstraps.” That's Lila's arc too. But if reading Wolf illuminates Ferrante it's because the difference says more than any likeness. Banned in East Germany when it came out in 1968, *The Quest for Christa T* is a disorientating, impressionistic revolt against socialist realism, insistent on the impossibility of storytelling, less satisfying to read than to

reflect on. The Neapolitan novels, by contrast, are the work of someone who by her own admission has “always been more interested in storytelling than in writing.” They go for the heart and head at once. **P**

Anthony Cummins is a critic and translator



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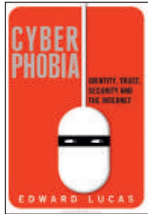
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## Books in brief

### Cyberphobia: Identity, Trust, Security and the Internet

by Edward Lucas (Bloomsbury, £17.99)



In the years to come, how will we look back on the global internet of 2015? “Never such innocence again” is one phrase suggested to me by Edward Lucas’s meticulous, disconcerting *Cyberphobia*: never such a ramshackle, unaccountable freedom, where openness, ignorance and vulnerability are the rule rather than the exception.

Lucas—who has covered eastern Europe for the *Economist* since 1986, and brings a welcome expertise in espionage and security shenanigans to his task—is at his best when making tech norms seem newly strange (passwords? meh). An outspoken critic elsewhere of National Security Agency (NSA) leaker Edward Snowden, he’s likely to ruffle further geek feathers with his cynicism towards the sacred principle or moronic cult of online openness and anonymity. We have to get real about tech, he argues, and embrace the rigour of models like infection control and aviation as guarantors of a freedom worth having.

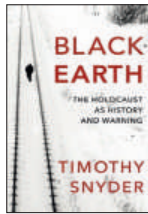
All popular technology books bear a considerable burden of explanation, which can make for wearying reading. We’re shocked, concerned; our complacency deflated by serial case-studies; but what are we actually to do? Lucas’s diagnosis is alarming, yet his prescriptions are almost bathetically reasonable: “Complacent, careless and amateurish behaviour on the internet is as out of place as it is in transport or health... we need to be more cautious about all our behaviour with services that purport to be ‘free’... strong digital identities are friends, not foes.” Not that this makes him wrong. Despite the title, Lucas isn’t peddling a big idea or a trendy noun. I’d call what’s on offer outraged scepticism rather than outright phobia—and it’s all the better for it.

Tom Chatfield

### Black Earth: The Holocaust as History and Warning

by Timothy Snyder (Bodley Head, £25)

Timothy Snyder boldly rejects traditional explanations for the destruction of Europe’s Jewish communities. Non-Germans, he notes, killed as many Jews as did the Ger-



mans, even though their anti-semitism was quite different from Adolf Hitler’s. Hitler believed the Jews invented law and the state to constrain the forces of nature. He wanted to restore the natural order so that the superior Aryan species would predominate and save the planet. The Nazi Party, the *Volk*, the German state and sundry collaborators were just means to this end.

Snyder derides the notion that Jews were victims of science in the service of the modern state. Hitler ordained the conquest of eastern Europe precisely because he could not envisage a scientific solution to scarcity. Not all the Jews who were subsequently murdered died in “death factories.” Over a million were shot and Auschwitz was atypical.

Crucially, Snyder relates the vulnerability of Jews to their citizenship and the persistence of state structures. Most perished in lawless zones or because they were rendered stateless. He depicts the destruction of states and peoples as the culmination of colonialism and anti-colonialism. Jews were first slaughtered to clear the eastern lands and, later, murdered across Europe to end Jewish “domination.” When the Nazis offered east Europeans liberation from “Judeo-Bolshevism,” local communists seized the myth and turned against their neighbours to demonstrate their fealty. Politics explains their homicidal choices.

In his hectoring style, Snyder sometimes resembles Daniel Goldhagen, the author of *Hitler’s Willing Executioners*, but his writing is better and studded with aphorisms. He concludes with an admonition that panicky responses to climate change could recreate the conditions that plunged Europe into mayhem.

David Cesarani

### Strangers Drowning: Voyages to the Brink of Moral Extremity

by Larissa MacFarquhar (Allen Lane, £20)



Close friendships, Mahatma Gandhi wrote, are dangerous. The good man “is the friend of all living things,” not of anyone or anything in particular. Reviewing Gandhi’s autobiography, George Orwell observed that this must be “unquestionably true” if, as the Mahatma did, one professes “faith in humanity.” But for most ordinary people,

“love means nothing if it does not mean loving some people more than others.”

Orwell was famously intolerant of cranks and do-gooders, but you don’t have to embrace that animus wholesale to feel some discomfort at what Gandhi said. As Larissa MacFarquhar argues in her new book, which can be read as an elaboration of Orwell’s complaint, “ambivalence towards do-gooders” springs from some profound intuitions about the moral lives of human beings.

The conflict between the duties we owe to our loved ones and those we owe to distant strangers is one that has preoccupied philosophers for centuries. Although she is clearly familiar with the literature on this topic, MacFarquhar prefers not to approach the question “in the abstract.” Instead, she tells stories about the lives of do-gooders—such as that of the churchgoer from Maryland who donated one of her kidneys to a local woman. Reading these stories might not get us any further towards solving the philosophical conundrum, but they certainly help us to see it more clearly.

Jonathan Derbyshire

### The Times Guide to the House of Commons 2015

by Ian Brunskill (Times Books, £60)



“Five year campaign, last minute shock,” is the phrase this guide’s editor Ian Brunskill has chosen to summarise May’s general election.

Poring over the tables his team have compiled, every so often something will leap out and remind you just how shocking it was: the final polls that put Labour and the Tories neck and neck; the names “Cable, Vince,” “Alexander, Douglas” and “Balls, Ed” among the list of the defeated; Labour’s 19 most dramatic vote share losses, each bearing the dreaded acronym SNP (Scottish National Party).

If this May saw a political earthquake, Brunskill and his team have published the etchings of the seismograph.

There are essays here, too, with a contrite turn from the *Times* (and *Prospect*) pollster Peter Kellner of particular interest to political anoraks. But the data is the main attraction. The disparity between Ukip’s 3.9m votes per MP elected and the Tories’ 34,000 noted here, for example, sparked a brief post-poll debate on electoral reform.

You might question the need to pay £60 for the profiles of MPs’ seats when you can



get similar constituency guides for free online, courtesy of the excellent *UK Polling Report* website.

But if you're a completist, you'll probably want this book. True to the *Times's* reputation, it has everything you want and nothing you don't, intuitively arranged. Keep it around for this parliament and maybe next time round you'll manage not to be quite so taken aback by the result.

Josh Lowe

## Affirming: Letters 1975-1997

by Isaiah Berlin (Chatto & Windus, £40)



In a letter to Arthur Schlesinger in July 1978, Isaiah Berlin described himself as a “voyeur of history.” The definition seems particularly apt given Berlin’s position as a kind of godfather to 20th-century sceptical liberalism.

Berlin had many interesting ideas to his name. His best, though, was a rejection of the idea of “positive freedom,” which requires state intervention of a kind many liberals would oppose. This and a host of other topics are written about with scrupulous attention to detail in this astounding book of letters—the fourth and final volume taking us up to Berlin’s death in 1997.

The letters are addressed to a wide spectrum of well-known public figures, including Noam Chomsky, Prince Charles and Josef Stalin’s daughter, Svetlana Alliluyeva. As a philosopher, an authority on the history of ideas and, for a brief period, a diplomat, Berlin was equally comfortable pontificating from an ivory tower as he was holding court at a cocktail party.

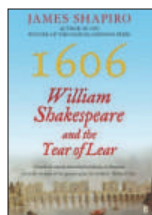
Through his close reading of mid-19th century Russian writers such as Alexander Herzen and Ivan Turgenev, Berlin spent his entire life attempting to understand the great paradox of human nature, in which selfish behaviour rubs shoulders with fellow-feeling.

Modest, polite and beautifully written, these letters can be viewed as open-ended conversations with kindred spirits. They are also an important attempt to document the history of the late 20th century.

JP O’Malley

## 1606: William Shakespeare and the Year of Lear

by James Shapiro (Faber & Faber, £20)



Biographies of William Shakespeare tend to be unsatisfying because the playwright left so few traces of his personality in the records. Another, more fruitful, approach taken by scholar James Shapiro in

this probing and original book is to examine the turbulent political events he lived through and how he responded to them in his work. Shakespeare saw the transition from the Tudor era to the Stuart, and as a servant to King James I, observed court life at close hand. By 1606, he was writing plays that tapped into the anxieties about James’s uncertain early reign.

As James was pushing to unite England and Scotland, Shakespeare produced *King Lear*, a play about a British king who destroys his kingdom (and his sanity) by dividing it. Key to the work is political authority and who has the right to wield it.

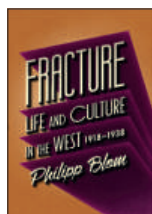
This was not a theoretical question for Jacobean. At the end of 1605, the failed Gunpowder Plot hatched by disaffected Catholics was a naked challenge to royal authority. In *Macbeth*, written soon afterwards, a Scottish king is assassinated by an ambitious underling—and then assassinated in turn. Often seen as a play designed to appeal to James (Banquo was his ancestor), Shapiro argues that the play is equivocal. The arguments for toppling the tyrant Macbeth echoed those of the plotters against James.

Unlike his rival Ben Jonson, who wrote sycophantic masques for the king, Shakespeare wrote popular plays that dramatised the issues of the day without taking sides. Shapiro shows how he was not only for all time, but also very much of his age.

Sameer Rahim

## Fracture: Life and Culture in the West 1918-1938

by Philipp Blom (Atlantic Books, £25)



The 1920s, writes historian Philipp Blom, was a defiantly postwar period; the 1930s ominously prewar. In Europe and America, the years between the world wars heralded revolutions both cultural and political: “The old order, the old values, and the old elites had all failed and no valid new ones had yet been established.”

In America, the confusion spawned the Harlem Renaissance and Jazz Age, while the beautiful and damned defied Prohibition at lively speakeasies. In Paris, a “lost generation” of disillusioned bohemians made experimental art. But politically, unease manifested itself to horrendous effect; perhaps the most shocking of the many atrocities detailed here is Josef Stalin’s artificial famine of 1932, which killed an estimated 8m, including those executed for resorting to cannibalism.

Blom’s history takes a chapter for each of the 21 interwar years, zooming in on a person, place or event, then expanding focus to a wider theme—shellshock,

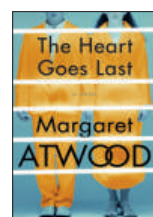
astronomy, blues. Although much is inevitably excluded or skated over, he is a vivid storyteller, and his vignette-driven technique leads to intriguing juxtapositions. The year of 1933 ends with Stalin slamming down the phone on Boris Pasternak, while 1934 begins as PG Wodehouse publishes his first Bertie Wooster novel; when considering 1930, Blom is as interested in the work of sexologist Magnus Hirschfeld, who carried out the first ever gender reassignment surgery, as he is in the rise of Adolf Hitler’s National Socialist Party.

“It is the tragedy of the interwar period that it did not have an open future,” writes Blom; this is a rich survey of an era not so much of peace as “a continuation of war by other means.”

Francesca Wade

## The Heart Goes Last

by Margaret Atwood (Bloomsbury, £12.99)



These days, when a significant novel is published, its title becomes a hashtag before it even hits the shelves. Twitter is currently buzzing with sneak peeks of the futuristic cover of Margaret Atwood’s new novel, her first work not in a series in 15 years.

Aged 75, the Canadian author’s prodigious bibliography already stretches to 40 novels, short stories and poetry collections. She has also proved herself to be the literary world’s digital doyenne, racking up 851,000 Twitter followers and basing her latest work on a series of well-received e-books she first published in 2013.

In *The Heart Goes Last*, she returns to familiar dystopian territory, setting the novel in an only slightly futuristic post-economic collapse America. Written in her signature “speculative fiction,” style it imagines a world where the problems of inequality, unemployment and housing shortages are solved by herding citizens into prison colonies where they alternate between being the inmates and the guards. Morally provocative, Atwood uses this twisted fable as a vehicle to meditate on our relationship with free will—how much power over our life choices do we really want?

There is also a desire to spark debate about the dehumanising impact of the internet on our sex lives, with an intriguing sub-plot involving the manufacture of robotic sex dolls. There are even signs that Atwood might be mellowing—the ending, while faintly troubling, could be construed as almost happy. Readable, fast-paced and packed with disturbing imagery, this book will win Atwood a new generation of readers. **P**

Serena Kutchinsky

# Life

## Leith on life

Sam Leith

### Privacy is a historical blip

Picture me, if you will, on a Cornish beach this summer, doing something generations of British men have done. I refer, of course, to the awkward towel-dance: the corners of a small beach towel tweezed at hip-height between the fingers of one hand, while with the other hand I attempt to extricate myself from a damp pair of swimming shorts. I resemble a drunken baby giraffe. The hips gyrate; the balance shifts; the towel gapes...

What on earth is all this about? Why, I'm protecting my privacy. The moment, in these negotiations, when a corner of the towel escapes the thumb and the unthinkable happens may come to be known as an "Ashley Madison." As in: "OMG. I totally Ashley Madisoned on the beach. I half-mooned the whole west side of Whitstable. My children still aren't speaking to me."

The sort of privacy you protect with a towel and the sort of privacy you protect with a 256-bit block cypher aren't all that different. We are accustomed to the idea that many things personal to us—be they body parts, thoughts and feelings, the records of our associations or data about our health, wealth and sexual preferences—should remain our own, on the analogy (perhaps) with property. Privacy, and the loss of it, are guiding pre-occupations of the internet age: as we voluntarily share our data on social media, allow it to be harvested from us unwittingly and fall victim to leaks and hacks, the whole idea of privacy as a sustainable state is vanishing. To extend the analogy with property, you could say that the assault on copyright which is transforming the creative industries is part of the same process.

Children of the 20th century tend to feel privacy as an established norm from which this process represents an unprecedented and alarming deviation. And that's true: but it is not a very long-established norm. The expectation of privacy, "fundamental human right" or no, may turn out to be

nothing more than a blip in human history.

Anthropologists talk of a distinction between shame societies, where the moral order is sustained by the eyes of the tribe, and guilt societies, where taboos are internalised and conscience is king. The whiggish version of this, at least in the west, sees a shift with the Reformation. Protestant ideas about inwardness, an unmediated relationship with the deity, private diaries and non-communal reading, various innovations in early modern architecture and so on, led us into a world where, if no man was an island, he at least had island-like features.

But for many, many thousands of years before that, the general assumption for the mass of humanity was that you would eat, sleep

and wash, communicate and fornicate, do business and do your business pretty much in public. And as for copyright, that was barely a thing 300 years ago, let alone 3,000.

Not all forms of privacy are such a recent invention, of course: the Old Testament gives implicit sanction to the towel-dance, and many cultures have taboos on genital display of one sort or another (albeit Lenny Kravitz didn't seem to get the memo). And secrecy—ad hoc, rather than culturally normalised—has been a thing since the first monkey hid a banana behind his back and made a "what me? No bananas here!" face.

But as big data begins to erode our sandcastle of privacy, we may have to recognise that the tide is coming in—and take comfort that, in the long run, it leaves the beach more or less the same as it always was. Bathers of the world, untie: you have nothing to lose but your towels.

*Sam Leith is an Associate Editor of Prospect*



David Cameron does the awkward towel-dance on a Cornish beach, August 2013

## Life of the mind

Anna Blundy

### Breakdown vs breakthrough

When modern psychoanalysts write about their patients they always seem to focus on moments of their own brilliance: the big breakthrough; that sparkingly insightful interpretation of a patient's words that brings the patient to a moment of tearful epiphany, transforming their life from here to eternity. The tectonic shift. "After that, Miss B was more openly emotional and often cried during sessions. We began to make real progress." Poor Miss B.

Years (and years) ago, I used to feel as though my analyst was trying very hard to make me cry. I valiantly defied him. In the rare sessions when he won (I spent ages thinking I was allergic to something in his house because my eyes would water on the couch even though I wasn't aware of feeling sad) he would look all sympathetic and supportive and I'd think—"Bastard!" I could almost hear him writing his paper: "Miss A cried today, proving that I am a psychoanalytic genius." (NB: Freud didn't write like this. He happily catalogued his





catastrophic failures.)

Of course, my analyst wasn't trying to make me cry. He probably was pleased when I did though; pleased that my super-chatty-God-I'm-witty defence was cracking and revealing something more authentic. As a therapist it does feel like a bit of a victory when a very heavily defended patient shows some real emotion, and it can signify a breakthrough. But on the patient end of things it felt cruel, as though I had to be desperate, devastated and defeated to get better. Perverse.

So, my very own Miss G always arrives apparently straight out of hair and make-up, teeth super white, smiling, glam and upbeat. The upbeat schtick usually lasts about five minutes before a slump, tears and bitter self-flagellation. This week she wasn't wearing the armour (in other words, she looked much more normal), and was already weepy. "All the stuff we've been talking about has brought up so much emotion. All these things I'd sort of known but never put two and two together. I feel like I'm falling apart," she said. Miss G wondered if she should check into a psychiatric hospital. "I'm having a breakdown," she concluded.

This, sitting in a little institutional room with me, overlooking a railway track and a pub that always seems to be closed, was certainly the worst moment of her life. In the notes, I wrote something like: "Breakthrough with Miss G. Real Progress. Now in touch with a lot of disturbance and sorrow she's had to hide all her life." And it struck me how annoyingly shrinky I've become, how different my ideas about that session must be from Miss G's. She thinks she is breaking down. I think we are breaking through.

I imagine that the sessions a patient enjoys and feels helped by are rarely the ones the therapist feels are really productive. The therapist is looking for moments of real connection with the patient, a genuine emotional shift, clarity, insight. The patient might be looking for someone to be sympathetic, to agree with her (the patient is me in this scenario) to collude with her view of the world (all men are bastards). When the therapist provides these things he may well feel he is failing as a therapist, has been seduced into playing the patient's game rather than really understanding her, really challenging her to see reality as it is rather than through the prism of her hard-wired fantasies about everything. It's strange to spend an intense 50 minutes with someone and to have such differing views of what went on in that analytic hour.

By the way, Miss G was, of course, completely cured by my profound understanding and deep insight... (Well, give me another decade.)

*Anna Blundy is a writer training to be a psychotherapist. The situations described are composite. Confidentiality has not been breached*

## Matters of taste

Wendell Steavenson

### Dining with strangers

Paris in August. Everyone was away and everything was closed. I was alone for the whole month. For the first two days I ate my usual chicken broth soup. On the third day I made gazpacho by liquidising leftover tomato salad. Then I was bored and a bit lonely. The happy quotidian question "what shall we eat today?" had been replaced by a plaintive dilemma: who am I going to eat with?

Eating alone is a curious thing. "We should look for someone to eat and drink with before looking for something to eat and drink," said Epicurus many years ago, "for dining alone is leading the life of a lion or

**"For the first 15 minutes people have that deer-in-the-headlights look. But then they're laughing, joining a group"**

wolf." At home, solo quaffing balances indulgence against expediency. I tend to pare down to the very simple: salmon sloshed with sesame oil and soy sauce. Bacon sandwich. Bags of crisps and pots of taramasalata.

Eating in restaurants alone is an awkward social navigation. It can be fun if it turns into an adventure—if you end up talking to people; if you end up, in effect, not alone. But more often I find myself holding a book in one hand and a fork in the other, an unhappy marriage of two pleasures.

Exception for the exceptional: once I lunched (for an article) at a table for one at Pierre Gagnaire, an exalted three Michelin-star restaurant in Paris. I was prepared to be miserable. But because I had no one to talk to, I found I could savour and examine every mouthful: gorgonzola ice cream, cool and smooth and salty; hake in sweet and spicy sauce; strawberry and rhubarb matched against a bitter liquorice mousse. For two hours I was blissfully engrossed in the precision engineering and art of haute cuisine.

Pierre Gagnaire was closed for the summer, like everything else. I was desperate. I went on the internet.

Jim Haynes's name pops up at the top of any search of "supper club Paris." He has been hosting a dinner at his apartment in a leafy part of the 14th arrondissement every Sunday night for more than 30 years. All are welcome; in mid August there were more than 80 of us. Jim is a founder of the



Edinburgh International Book Festival. In the 1980s he wrote guide books to eastern Europe that were collections of people to meet when you got there. He is by nature a nexus, an introducer. Over time he has honed mass entertaining to optimal operational ease: a different cook every week; a pile of plates, a fork and a paper napkin per person; boxes of wine. Everyone pays €30. The evening I went, a chef from Texas had cooked up a vat of chili con carne with cheddar cheese, guacamole, sour cream and all the fixings.

Guests spilled out over the cobblestones of the adjacent mews where a few tables and chairs had been set up. Some were born and raised Parisians, some long-time residents, and others visitors and tourists. I met a teacher from Birmingham, a children's books writer and two German computer scientists who were researching an algorithm of randomness.

"First you must prepare the stage for randomness to happen—" one carefully explained. Jim smiled from his proprietorial perch on a stool, as if in accordance. "The first 15 minutes people have that deer-in-the-headlights look," he told the *New York Times* a couple of years ago, "but 15 minutes later they're standing with a plate of food, laughing with someone they just met, or joining a group they find interesting. The food is the glue, but people are the biggest attraction."

The evening was fun because everyone was happy to share and join in. Emboldened, a few days later I went to a dinner held in the apartment of an Argentinian chef. I found it on a website called Eat With. There were five guests: a restaurant-owning couple from Melbourne, an aunt and her niece from Chicago, and me. We paid €52 and ate handsomely: homemade empanadas with chimichurri sauce, pea tortellini, cod with mushrooms and a fluffy cheesecake that melted like a cloud in my mouth. Not cheap, not bad. The company was friendly, but I missed the German computer geeks.

My third outreach attempt was a punt into the wacky. I joined an Anglophone group meeting in a Tibetan restaurant to hear a talk from an American psychologist. The soup was packet, the curry was tinned. The organiser was a blowsy lady from Atlanta wearing a red nylon lace top. I don't know if she was drunk or just naturally imperious, but the fun began when she wanted Rhonda the psychologist to stand up to deliver her talk and Rhonda refused because her feet were hurting. We all watched bemused as the stand-off sit-down reached a storming crescendo. "You will respect me!" "Never have I been so insulted!" I tried not to giggle. Dinner theatre!

But at the next table I observed a couple eating dinner in total silence, each bent to the glowing rectangles of their phones. Turns out you can eat alone even if you're with someone. *Wendell Steavenson is an Associate Editor of Prospect*

## Wine

Barry Smith

### Cabernet Franc's time to shine

Cabernet Franc is often thought of as the poor relation of the Cabernet family—its progeny, Cabernet Sauvignon, has until now stolen the limelight. But things may be about to change. Many New World winemakers are beginning to realise the difficulties of making a great wine with Cabernet Sauvignon, given the growing conditions and climates of the regions where they work. Brand recognition notwithstanding, Cabernet Franc may be a better bet.

Cabernet Franc is more versatile than its majestic offspring. It can be grown in cooler climates and the wines it produces are less fiercely tannic when young. Once thought of as a grape for blending—to add a silky texture and a heady perfume of violets to Bordeaux blends—it is now increasingly seen as a single varietal. The Loire Valley has long been home to several celebrated Cabernet Franc wines: the pale, fresh strawberry-sweet wines of St Nicolas de Bourgueil; the plumper, earthier wines of Bourgueil; the elegant wines of Saumur-Champigny; and even the slightly austere wines of Chinon. Ranging from those that are grassy and leafy on the nose to those that have earthy strands of mushroom, beetroot and black olive, the Loire has set the standard for Cabernet Francs, as it once did for Sauvignon Blancs with Sancerre and Pouilly-Fumé.

Just as Sauvignon Blanc found new expression when transplanted to New Zealand, we are beginning to see new sides of Cabernet Franc in other parts of the world. Cooler growing conditions are found not only in Europe but also at high altitudes where the fruit can fully ripen while guarding its acidity and freshness as the temperature drops at night. Argentina, Chile, South Africa and Brazil are starting to make good headway with it. In many of these regions it may be their best varietal.

Increasingly grown in Argentina's Mendoza region, for example, and to the southwest in the Uco Valley, the grape retains its grassy freshness here on the foothills of the Andes, without any of the vegetal character that can creep into unripe Cabernet Franc. The dense, ripe fruit flavours of black cherry and sweet tobacco can fill the palate, while the nose still shows distinctive Cabernet Franc notes of violets and graphite. In a country famed for Malbec, it's interesting to hear Nicolas Catena's winemaker, Alejandro Vigil, opine that Cabernet Franc could



be the future for Argentina. Bodega Catena Zapata are making a top of the range wine in the Uco Valley. It is rich and heady but the lavish oak—and it is very good oak—tends to smother the fresh fruit underneath. As confidence grows in the varietal and the public come to accept it, winemakers need to let the fruit speak for itself. I admire the daring of French born John Du Monceau, of the Atamisque winery in the Uco Valley, whose Serbal range of wines are entirely unoaked. The violets are there on the nose, and the juicy black fruits and leafy character of Cabernet Franc shine through. A more concentrated style of wine can be found on each coast of the United States, in New York State's Finger Lakes and the cooler region of Carneros in Napa Valley. As a sign of just how versatile the grape is, in Canada's Niagara escarpment, Cabernet Franc is made into delicious raspberry-flavoured ice wine.

Will the public learn to love these wines? The new wave of Cabernet Franc single varietals are already attracting attention in wine circles, with many examples winning plaudits. So forget those international-style Cabernet Sauvignons that so many winemakers think they have to make to satisfy public taste. Search out Cabernet Francs and watch them develop. This is just the beginning.

*Barry Smith is Director of the Institute of Philosophy at the Institute of Advanced Studies, University of London*

## DIY investor

Andy Davis

### Give a child a pension

Around five years ago, I gave each of our children about the last thing anyone would put on their Christmas list: a self-invested personal pension. My rationale was simple: investment gains are a product of time and money, and the more of one you have the less of the other you're likely to need. Children have an abundance of time and no money, so I reasoned that investing even fairly small sums over 60 years or more would make the most of the biggest advantage they enjoy: their youth.

At least, that's how I rationalised it. Looking back, however, I have to admit the deciding factor was far less esoteric—it was the lure of free money.

For children, tax relief on pension contributions is an excellent deal. Up to £2,880 a year can go in for each child and attract tax relief at 20 per cent, lifting the total to £3,600. Since children pay no tax, it felt as though we were somehow beating the sys-



tem. Or to put it another way, the incentive to save for a long-distant future that the tax relief was intended to provide had worked a treat in my case. If this incentive hadn't been available, I doubt I would have set up their Sippis (self-invested personal pension), even though I fully understood the benefits they stood to gain by entering adulthood with the basis of their pension fund already in place.

This issue of incentives came to mind again with the public consultation, announced in George Osborne's July Budget, on the future of pension tax relief. Much of the commentary that has accompanied this exercise (which closes at the end of September), has suggested that three main options are on the table: no change; a switch from tax relief at the individual's highest marginal rate (20, 40 or 45 per cent) to a flat rate, perhaps 20 per cent; or the introduction of an Individual Savings Account-type system with a much smaller government top-up when money goes in but no tax to pay when it is finally taken out.

Not surprisingly, most attention focused on the radical "Pension Isa" option. My heart sank: is there no end to the permanent revolution that has engulfed Britain's pension system? How could this idea possibly make matters any less chaotic and confusing than they already are, given that we would have to run the old system and the new alongside each other for the next 50-plus years? Do we really think people will be persuaded to put off spending and save significant sums for the distant future if the immediate tax incentive shrinks dramatically? My own experience suggests not.

Why then is the government even considering it? A big part of the reason is pension tax relief is not only expensive—around £34.3bn in 2013/14, according to the consultation paper—but the benefits flow overwhelmingly to the better off. Around two thirds of that £34.3bn went to 40 and 45 per cent taxpayers.

So some change looks inevitable; but what and how much? The pensions industry is against the Isa idea and it's easy to see why. Tax relief is a powerful incentive to individuals to save but in its current form it also adds nearly £35bn a year to the pension industry's assets under management. If fund managers charge 1 per cent a year to invest that money, tax relief brings them additional annual revenues of getting on for £350m. No wonder they're not keen on radical ideas.

That's why the government has allowed the Isa hare to run. What better way to persuade the pensions industry to support the abolition of tax relief at 40 and 45 per cent (saving the government up to £12bn a year) than to offer an alternative that's even worse? In the world of pensions, incentives still have a big role to play. **■**

*Andy Davis is Prospect's investment columnist*



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edited by *Prospect's* own Didymus

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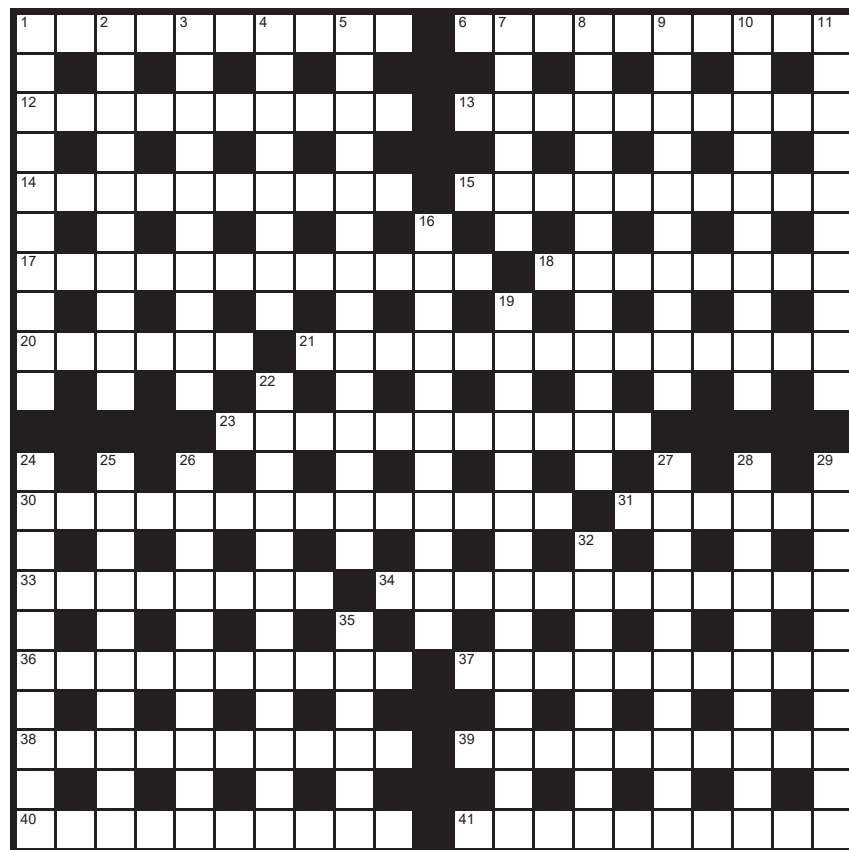
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## The generalist by Didymus



### ACROSS

- 1 Chicken or game bird split down the back and grilled (10)  
 6 Small blocks of compressed coal dust and charcoal, used as fuel (10)  
 12 Region of the stratosphere which protects organisms on earth (5,5)  
 13 One who processes with a ceremonial staff (4-6)  
 14 Works by Edward Lear, Lewis Carroll or Ogden Nash (5,5)  
 15 Supporter of utilitarianism (10)  
 17 Circular lunar sea directly south of the Sea of Tranquility (4,8)  
 18 A dactyl reversed (8)  
 20 US slang for a stupid person (6)  
 21 US singer and pianist, "Lady Soul" (6,8)  
 23 *Bromus catharticus*, from South America (6-5)  
 30 Dutch name of the cape and port southeast of The Hague (4,3,7)  
 31 The home circle or a brazier (6)  
 33 Old term from the United States for an assistant purser (3-5)

- 34 Swedish crime writer of "Millennium" trilogy (5,7)  
 36 Arm of the Pacific Ocean off mainland Asia (3,2,5)  
 37 Nutritional regime based on a controlled intake of carbohydrates for weight management (6,4)  
 38 French fencers (10)  
 39 Motor-racing track in Surrey where the first British Grand Prix was held in 1926 (10)  
 40 US composer of *Different Trains* and *The Cave* (5,5)  
 41 Pycnogonids (3,7)

### DOWN

- 1 Fine rain or something insubstantial (6,4)  
 2 At a bargain price (1,3,6)  
 3 Climaxes (10)  
 4 Dukedom of the brother of Edward IV, bestowed in 1461 (8)  
 5 Yummy mummy's 4x4 (7,7)  
 7 Dentist's spiral-bladed drill for enlarging root canals (6)  
 8 Pseudonym of Denis Charles Pratt, author of *The Naked Civil Servant* (7,5)  
 9 Perennial plant with large hairy leaves and narrow yellow petals (10)  
 10 Italian physicist and mathematician who discovered the principle of the mercury barometer (10)  
 11 Lake created when the River Westbourne was dammed in 1730 (10)  
 16 Current Cricket Operations Manager at Hampshire County Cricket Club and father of England fast bowler Chris (3,8)  
 19 Irish novelist who wrote *The Life and Opinions of Tristram Shandy* (8,6)  
 22 Family of tropical American plants, closely related to foxgloves and speedwells (12)  
 24 Would-be poets (10)  
 25 Fritz's wallet (10)  
 26 Barack's bureau (4,6)  
 27 Music director of Covent Garden from 1961 to 1969 and of the Chicago Symphony Orchestra from 1969 to 1991 (5,5)  
 28 Foreknowledge or foresight (10)  
 29 Gangrene (10)  
 32 Its counties include Brown, Vermilion and White (8)  
 35 Large Madagascan insectivore similar to a hedgehog (6)

### Last month's generalist solutions

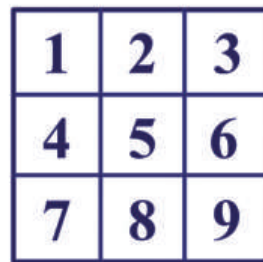
Across: 11 Lusaka 12 Utrillo 13 Adonai 14 Limassol 15 Angela Brazil 16 Anderson 17 Drainer 18 Praa 19 Neil Kinnock 21 *New Yorker* 23 Clyster 25 Ephah 26 Sine die 28 Enfield 30 Greta 31 Chappal 35 Broadwood 37 Arthur's Seat 40 Eric 41 Tankard 42 Milk cart 44 Liquor stores 46 Kinkajou 47 Legato 48 Silurid 49 Resorb  
 Down: 1 Audience 2 Bagatelles 3 Kansas 4 Outlining 5 *Orb and Sceptre* 6 Claggan 7 Hollander 8 Tayberry 9 Yoga 10 Latin America 18 Per se 20 Îleal 22 Eastern Desert 24 Lunar Orbiter 27 Ichor 29 Isaac 32 Post chaise 33 Cornetist 34 *The Mikado* 36 Waterloo 38 Airtours 39 Carrels 43 Lanark 45 Urao

NB: When completed correctly, the 40 perimeter squares of September's crossword grid, starting at square 10 and reading anti-clockwise, along with 36 Across (Broad, Wood) and 16 Across (Anderson), revealed the names of the batting order of the England Test team in the first two test matches of the 2015 Ashes series.

## Enigmas & puzzles

### Flea bytes

Barry R Clarke



At Eccentricities Ltd, the latest robotic flea is being tested in the laboratory. A numbered 3x3 grid of squares is marked out (as shown) and trials are performed.

A trial consists of the following. A digit from 1-9 inclusive is randomly selected and the flea is then placed on that grid square. The flea has been programmed to jump to an adjacent square either horizontally or vertically which it selects at random. It can revisit squares. After three jumps, its final position is recorded. The test stops when the total number of trials in which the robotic flea has finished in the middle square reaches four.

*On average what is the total number of trials required?*

### Last month's solution

The length of the race track is  $x = 42$  (cm).

Let  $V_b$ ,  $V_c$ ,  $V_e$ , and  $V_s$  be the speeds of the beetle, caterpillar, earthworm, and snail, respectively. The first race with equal times gives the relation  $V_s/V_c = (x - y)/x$ . The second with equal times produces  $V_b/V_e = (x + 7y)/x$ . Since  $V_b = V_c$ , and  $V_e = V_s$ , the first ratio multiplied by the second must give  $(x - y)(x + 7y)/x^2 = 1$  and leads to the result that either  $y = 0$  or  $x = 7y/6$ . Given that  $y$  is a square number, the first solution is ruled out, and if  $x$  is a whole number then  $y$  must be divisible by 6. To ensure that  $x$  is two digits we can only have  $y = 36$  so that  $x = 42$ .

## How to enter

### The generalist prize

The winner receives a 150th anniversary edition of *Alice's Adventures in Wonderland* (Princeton University Press, £16.95). First published in 1865 by Charles Lutwidge Dodgson (better known by his pen name, Lewis Carroll), this new edition includes rarely-seen illustrations by Salvador Dalí and an introduction by Carroll expert Mark Burstein.



### Enigmas & puzzles prize

The winner receives a copy of *The Physicist and the Philosopher* by Jimena Canales (Princeton University Press, £24.95). Canales, professor of science history at the University of Illinois, examines how the debate that took place in Paris on 6th April 1922 between scientist Albert Einstein and philosopher Henri Bergson transformed our understanding of the nature of time but also drove a rift between science and the humanities that persists today.



### Rules

Send your solution to [answer@prospect-magazine.co.uk](mailto:answer@prospect-magazine.co.uk) or Crossword/Enigmas, Prospect, 2 Queen Anne's Gate, SW1H 9AA. Include your email and postal address. Entries must be received by 5th October. Winners announced in our November issue.

### Last month's winners

The generalist: Geoff Bailes, Cumbria

Enigmas & puzzles: Ahalya Balasubramanyam, Preston

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## The way we were

# Britain and refugees

Extracts from memoirs and diaries, chosen by *Jonathan Derbyshire*

**In 1550, Edward VI granted Huguenot refugees freedom to worship. They took over the French church in London's Threadneedle Street. Attending a service there with his French wife, Samuel Peyps writes in his diary for 30th November 1662:**

"Dined alone with my wife to-day with great content, my house being quite clean from top to bottom. In the afternoon I to the French church here in the city, and stood in the aisle all the sermon, with great delight hearing a very admirable sermon, from a very young man, upon the article in our creed, in order of catechism, upon the Resurrection."

**The Abbé Baston, who fled to London after the French Revolution of 1789, explains in his memoirs his loathing for the city in which he found refuge:**

"It's the awful and constant racket of vehicles, carriages, of merchants' cries offering you bread, rabbits, greens, potatoes, and all sorts of foodstuffs... It's the vulgarity, the malevolence, the wickedness, of the artisans or working people toward anyone foreign and especially French."

**In his 1892 memoir *Children of the Ghetto*, Israel Zangwill reflects on the influx into London of Jews fleeing pogroms in eastern Europe:**

"Into the heart of East London they poured from Russia, from Poland, from Germany, from Holland, streams of Jewish exiles... The majority bore with them nothing but their phylacteries and praying shawls, and a good-natured contempt for Christians and Christianity."

**The novelist Agatha Christie based the character of Hercule Poirot on a Belgian refugee displaced during the First World War. In her autobiography, Christie writes:**

"We had quite a colony of Belgian refugees living in the parish of Tor. Why not make my detective a Belgian? I thought. There were all types of refugees. How about a refugee police officer? A retired police officer."



The 1572 St Bartholomew's Day massacre, which drove Huguenots to Britain

**The family of historian Eric Hobsbawm left Berlin for London after Hitler came to power in 1933. In a diary column in the *London Review of Books* in 2008, Hobsbawm reflects on the impact that German refugees made on life in Britain:**

"It was also Hitler who produced the community of refugees who came to play a disproportionately prominent part in their countries of refuge and to whom Weimar's memory owes so much... They may have made little impact on the old entrenched professions—medicine, law—but their impact on more open fields, and eventually on science and public life, was quite remarkable."

**In 1944, the novelist Iris Murdoch joined the United Nations Relief and Rehabilitation Administration (UNRRA), the agency charged with rehabilitating the millions of refugees displaced in a Europe still at war. In December of that year, she writes to her friend Lilian Eldridge:**

"[UNRRA] is rather too full of inept British civil servants, uncoordinated foreigners with Special Ideas & an imperfect command of English. Pretty fair chaos. V.

many noble-hearted good-intentioned people—who drown in the general flood of mediocrity and muddle. [It is] a very mad show, full of extremely nice people with no esprit de corps."

**On 15th November 1946, George Orwell writes in his diary:**

"Hundreds of thousands of homeless Jews are now trying desperately to get to Palestine... How about inviting, say, 100,000 Jewish refugees to settle in this country? Or what about the Displaced Persons, numbering nearly a million, who are dotted in camps all over Germany, with no future and no place to go, the United States and the British Dominions having already refused to admit them in significant numbers? Why not solve their problems by offering them British citizenship? It

is easy to imagine what the average Briton's answer would be."

**In February 1968, as Kenyan Asian refugees began to arrive in the UK in large numbers, Home Secretary James Callaghan prepared legislation to limit the influx. His Cabinet colleague Richard Crossman writes in his diary:**

"Jim arrived with the air of a man whose mind was made up. He wasn't going to tolerate any of this bloody liberalism."

**In 1989, the UK government announced plans to repatriate Vietnamese refugees from Hong Kong, then still under British control. In his memoirs, Douglas Hurd, Foreign Secretary at the time, writes:**

"The Americans, whose hostile policy towards Vietnam was one reason for the country's poverty and the outflow of boat people, began to object on humanitarian grounds to what we intended. Despite this, I decided in December 1989 that we must begin to fly even unwilling Vietnamese home from Hong Kong. There were by then 57,000 boat people in Hong Kong. This seemed the only way of deterring larger numbers from risking the voyage." P





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